

**ANNEX 1: Terms of Reference for Consolidated and single entity for External Audit of
Global Fund (TGF) Supported Programs**

Principal Recipient (PR): Romanian Angel Appeal Foundation

Grant Number: ROM-607-G04-T [TFM]

**Title of Program: Continuation of Essential TB Prevention, Treatment and Care
Interventions for Most-at-Risk and Epidemiologically Important Populations in Romania**

Period covered by the audit: 1st January 2014 – 31st December 2014

1. Program background, audit structure and description of entities

1.1. Program Background

Romanian Angel Appeal Foundation is the Principal Recipient (“PR”) of Round 6-TFM¹ TB grant of the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM). Specifically, the funding under the Round 6-TFM TB grant supports the implementation of the Grant Program entitled “Continuation of Essential TB Prevention, Treatment and Care Interventions for Most-at-Risk and Epidemiologically Important Populations in Romania”. Romanian Angel Appeal Foundation was also a Principal Recipient of the Round 6 HIV grant that ended in 2010.

The overall goal² of the Grant Program is to increase the efforts for TB Control activities, by introducing innovative activities, and continuing the proven effective activities in order to decrease the TB burden in Romania.

In order to have the most effective TB control the need is to focus the efforts on vulnerable groups: homeless children and youngsters, prisoners, population from remote / poor areas, MDR-TB patients and to develop some innovative activities as well.

The achievement of the Grant Program goal is pursued through three main objectives:

- Protect poor and vulnerable populations from TB through targeted education and adherence interventions;
- Strengthen the MDR-TB control by improved MDR-TB case management through early detection, treatment and support interventions to M/XDR-TB patients;
- Ensure the efficient and effective implementation of the GF grant.

In order to achieve the objectives and the indicators set up together with the Global Fund, the Principal Recipient has signed within Phase 1, 7 Sub-Grant Agreements with 7 Sub-Recipients (“SRs”) for the TB Component. Within Phase 2 the Principal Recipient signed 6 Addenda with 6 Sub-Recipients. And within TFM the Principal Recipient signed 3 Sub-Grant Agreements 3 Sub-Recipients and 2 Addenda to Sub-Grant Agreements with 2 Sub-Recipients.

¹ TFM = Transitional Funding Mechanism

² For more information please access the link <http://www.raa.ro/gfatm/>

The maximum grant funds are in value of 10,510,256.59 Euro, out of which 3,606,830 Euro for the period 1st October 2012 – 30th September 2014. The period 1st October 2012 – 30th September 2014 is known as TFM (Transitional Funding Mechanism).

One of the main responsibilities of the PR is to report periodically to the Global Fund about the progress update of the grant's activities and the financial expenditure. This report is done every 6 months (e.g. for the period 1st January 2014 – 30th June 2014 the progress update report is due in 45 days after the end of the reporting period, that is 15th August 2014). The funds are disbursed in the case of ROM-607-G04-T [TFM] grant once a year, in advance, so that the activities may be implemented.

The Sub-recipients have as one of their main responsibilities to report to the PR quarterly. They receive disbursement from the PR quarterly, in advance plus one month buffer (e.g. for reporting period 1st January 2014 – 31st March 2014 the Sub-Recipient ask to be disbursed the budget for period 1st April 2014 – 30th June 2014 and one month – July 2014 – buffer).

1.2. Program Entities and audit approach

The current Terms of Reference are prepared for contracting independent audit services. The nature of the audit services requested is financial and accounting audit. The expenditures under the above mentioned grant are recognized based on cash accounting – a method of accounting that recognizes receipts and payments in the financial statements when cash is received and cash is paid out, respectively.

The PR has the right to conduct centralized procurement on behalf of the SRs and not disbursed to the SRs the budget for the centralized procurement.

The Auditor should prepare a consolidated report and management letter for the grant ROM-607-G04-T [TFM] covering the Principal Recipient and all Sub-Recipients.

The entities covered by the audit are:

1. Romanian Angel Appeal Foundation, NGO, Principal Recipient, head-office in Bucharest
2. Fundatia Central pentru Politici si Servicii de Sanatate – CPSS (Foundation Center for Health Policies and Services), NGO, Sub-Recipient implementing 2 projects, head-office in Bucharest
3. Salvati Copiii Romania – SC (Save the Children Romania), NGO, Sub-Recipient implementing 1 project, head-office in Bucharest
4. UIP-TB - Administratia Nationala a Penitenciarelor – ANP (National Administration of Penitentiaries), governmental entity, Sub-Recipient implementing 1 project, head-office in Bucharest
5. Institutul de Pneumoftiziologie “Marius Nasta” (“Marius Nasta” Pneumology Institute), governmental entity, Sub-Recipient implementing 1 project, head-office in Bucharest
6. UNOPA (Uniunea Nationala a Organizatiilor Persoanelor Afectate de HIV/SIDA) – Sub-Recipient and Sub-SubRecipient ASPTMR (Asociatia pentru sprijinirea pacientilor cu tuberculoza multidrog-rezistenta), NGOs implementing together 1 project, head-office in Bucharest.

2. Contacts

The Principal Recipient of the grant is Romanian Angel Appeal Foundation with responsibilities under the grant outlined in the Grant Agreement number ROM-607-G04-T [TFM].

Under the terms of the Grant Agreement, the Principal Recipient may provide Grant funds to other entities to carry out Grant Program activities (i.e. Sub-Recipients).

For details on the organizational chart of the Principal Recipient, please see the RAA's Organization Chart attached in Annex 3 to the Invitation Letter. A detailed description of Principal Recipient activities can be found on

<http://www.raa.ro/oldwebsite/www.raa.ro/portofoliu/proiecte-in-derulare/programul-tuberculoza-finantat-de-fondul-global-runda-a-6-a.html>

Contacts for the Principal Recipient

Address of the Principal Recipient

Romanian Angel Appeal Foundation
52, Rodiei Street, Sector 3
030956, Bucharest – Romania
Phone: +40 21 323 68 68
Fax: +40 21 323 24 90
E-mail: office@raa.ro

List of Senior Officers and Contact Details:

Silvia Asandi – General Manager
Phone: +40 21 323 68 68
Fax: +40 21 323 24 90
E-mail: office@raa.ro

Dana Marin – Financial Manager
Phone: +40 21 323 68 68
Fax: +40 21 323 24 90
Mobile: +40 0731 137 521
E-mail: dana.marin@raa.ro

List of Contact Persons responsible for key finance contacts

Ana-Maria Duca – Procurement Manager
Phone: +40 21 323 68 68
Fax: +40 21 323 24 90
Mobile: +40 0731 137 523
E-mail: ana.duca@raa.ro

Mihaela Nacu – Financial Officer
Phone: +40 21 323 68 68

Fax: +40 21 323 24 90
Mobile: +40 0731 137 524
E-mail: mihaela.nacu@raa.ro

Contacts for the Sub-Recipient – detailed contacts will be provided to the winning Tenderer confidentially as per the Global Fund Guidelines for Audit ToR

- Fundatia Central pentru Politici si Servicii de Sanatate – CPSS (Foundation Center for Health Policies and Services), head-office in Bucharest
- Salvati Copiii Romania – SC (Save the Children Romania), head-office in Bucharest
- UIP-TB - Administratia Nationala a Penitenciarelor – ANP (National Administration of Penitentiaries), head-office in Bucharest
- Institutul de Pneumoftiziologie “Marius Nasta” (“Marius Nasta” Pneumology Institute), head-office in Bucharest
- UNOPA (Uniunea Nationala a Organizatiilor Persoanelor Afectate de HIV/SIDA) – Sub-Recipient and Sub-SubRecipient ASPTMR (Asociatia pentru sprijinirea pacientilor cu tuberculoza multidrog-rezistenta), head-office in Bucharest

3. Available documents and facilities

The PR and the SRs shall provide the auditor with access to all books and records pertaining to the grant as requested by the auditor. An indicative list of the documents which may be requested by the auditor includes:

- Grant program financial statements – available within the online reporting system. The selected auditor will receive confidentially username and password for accessing the online reporting system.
- Grant and sub-grant agreements
- Main supporting schedules to the financial statements including: income and expenditure, assets and liabilities, cash records;
- Quarterly and semestrial grant activity reports (programmatic and financial)
- General ledger, cash book;
- Original supporting documentation to all reported expenditures (invoices, full support for all procurement of health products and other procurements requiring tender procedures, payrolls, bank statements, etc)
- Important correspondence between GF and PR, PR and SRs pertaining to grant implementation matters;
- Financial procedures manuals, system description or any other documentation explaining the processes contributing to the production of reliable financial reports and maintaining internal control.

4. Objectives of the Audit

The **objective of the audit** of the Grant Program Financial Statements (GPFS) is to enable the auditor to express an independent professional opinion on:

- i. Whether the financial position of the grant program at the end of the reporting period and of the funds received and expenditures for the reporting period, are presented

- fairly in all material respects by the PR (and SRs) in the GPFS and in accordance with the applicable accounting framework;
- ii. Whether, in all material respects, the grant funds have been used in conformity with the provisions of the Grant Agreement, including the approved budget and workplan and any amendments thereto as contained in implementation letters;
 - iii. Whether the GPFS agree with the program accounts (books of account) which provide the basis for preparation of the GPFS and reflect the financial transactions of the program, as maintained by the program implementing entities;
 - iv. Whether the GPFS agree or reconcile with other information reported to GF i.e. Progress Updates.

The purpose of the audit of the Grant Program Financial Statements is to enable the auditor to express an independent professional opinion on the special purpose Financial Statements of projects:

1. managed by the PR and financed from the Global Fund Grants for the year ended at 31 December 2014 and cumulative since the commencement of the projects;
2. implemented by the SRs and financed by PR from the Global Fund Grants for the year ended at 31 December 2014 and cumulative since the commencement of the projects.

5. Responsibility for the preparation of Grant Program Financial Statements (GPFS)

The responsibility for the preparation of consolidated GPFS falls with the PR, and are part of the periodical reports (semestrial) that the PR prepares and submits to GF.

The responsibility for the preparation of separate GPFSs for each entity covered by the audit falls with each SR for their respective sub-grant. The SRs prepare quarterly their financial statements by accessing the online reporting system.

6. Grant Program Financial Statements (GPFS)

The financial statements should include the following components:

- i. In the currency of the grant agreement, an Income and Expenditure Statement (IES) showing GF funds received in both Lei/RON and Euro, any other income received and all grant expenditures. Grant expenditures should be reported against the budget as defined in the grant agreement for the period with the actual expenditure allocated to the same budget categories disclosed for the implementing entity;
- ii. A statement of financial position
- iii. A statement of changes in net assets
- iv. Any other footnotes applicable.
- v. Supplemental statements on advances and fixed assets, available within the online reporting system³ developed by RAA Foundation for the Grant, including: (a) a statement or annex showing SR advances and reconciliation of total amount advanced by PR to SRs

³ Only the Auditor which will be selected will receive username and password to access the online reporting system, as this includes confidential data.

with SR recorded expenditure and SR cash balances at the end of the reporting period, (b) a listing of all fixed assets purchased with grant funds.

7. Audit Scope of Work

7.1. The minimum requirement is that the audit will be carried out in accordance with International Standards on Auditing (ISA), particularly ISA 701 “Modifications to the independent auditor’s report” applicable starting with 31 December 2006, and to ISA 800 “The Independent Auditor’s Report on Special Purpose Audit Engagements”, and will include such tests and controls as the auditor considers necessary under the circumstances.

7.2. As part of the audit testing procedures, particular attention should be paid to the following areas:

- i. **Compliance with applicable legislation** – Verify that the transactions comply in all material respects with any applicable legislation;
- ii. **Grant expenditures** - Funds received by the Program (including goods and services from direct disbursements to third parties) from disbursements, or generated by the Program’s funds (From Interest generated, Revenues, exchange gains, VAT recoveries, recovery of funds from ineligible expenditures or other concept, etc.), were spent in conformity with the approved budget and workplan existing at the time of the expenditure and in line with provisions of the Grant Agreement, including any applicable grant conditions (as amended by any Implementation Letters), and only for the purposes for which the funds were provided;
- iii. **System of internal controls** - Assessment of the adequacy and effectiveness of the accounting and overall internal control system to monitor expenditures at all levels of the Program and other financial transactions including special attention to the adequacy and effectiveness of controls around cash transactions;
- iv. **Follow up on the status of findings of previous audit reports** – The auditor should follow up on management’s intended actions to address the findings of previous audits, including external audit, relevant internal audits and audits issued by the Office of the Inspector General (OIG) of TGF;
- v. **Designated bank accounts** - Where Designated Accounts (including those being used under an approved pooled funding program implementation mechanism) have been used by PR and SRs, they have been maintained and operated in accordance with the provisions of the Grant agreement and in accordance with the Global Fund’s rules and procedures;
- vi. **Safeguarding of assets** - Verify that the PR has put in place mechanisms for the tracking and safeguarding of assets purchased with grant funds and that they are being used for the intended purposes. Verify that Program’s fixed assets register exists, is maintained in accordance with the Grant agreement; that property rights or related beneficiaries’ rights are established in accordance with the Grant’s conditions;
- vii. **Disbursements to SRs** - Verify that disbursements made by the PR to SRs are in line with the SR sub-grant agreements and the approved work plan and budget. Verify that the PR follows adequate process for validating expenditure reports submitted by the SRs;
- viii. **Data retention and supporting documentation** - Necessary supporting documents, records, and accounts have been retained in compliance with provisions of the Grant

Agreement. Procedures exist for security and management of electronic data (backup systems and procedures, etc.);

- ix. In addition the Global Fund may request the auditors to review the following areas of concern, in which case the additional scope would be agreed between the Global Fund and the auditors in advance:
- x. **Goods and services** - have been procured transparently, competitively and in accordance with the Grant Agreement and relevant procurement Guidelines approved by TGF;
- xi. **Procurement systems for pharmaceutical and health products** – Verify the evidence that procurement transactions were undertaken in accordance with the grant agreement and the organization’s policies and procedures;
- xii. **Value for Money** – review grants expenditures with due attention to economy and efficiency.

7.3. According to the Grant Agreement the budget for year 2014 (1 January 2014 – 31 December 2014) of Grant Program implementation is EUR 917,180.

Funds Received and Disbursed for year 2014:

Budget for 2014	EUR 917,180
Funds received from the Global Fund	EUR 688,490
Disbursed to the SRs (1 January 2014 – 30 September 2014)	EUR 1,197,124
Spent by the PR (1 January 2014 – 30 September 2014)	EUR 357,669
Spent by SRs (1 January 2014 – 30 September 2014)	EUR 1,269,098

7.4. Accounting standards:

The Principal Recipient and the Sub-Recipients prepare their accounts in accordance with the Accounting Law no. 82/1991, as amended and with the regulations issued by the Ministry of Finance applicable to non-profit legal entities and to public institutions.

The Grant Program Financial Statements are prepared on the cash receipts and payments method and Global Fund Guidelines. On the cash basis, revenue is recognized when cash is received and expenses are recognized when cash is paid rather than when incurred.

The Grant Program Financial Statements are prepared in EURO. The Romanian Lei (RON) equivalent of expenditures is calculated according to the exchanges rate provided by the Principal Recipient’s bank on the day of disbursement.

The Principal Recipient and the Sub-Recipients must use different bank accounts for each activity covered by the Grant Program. The bank accounts must be opened in Lei/RON, to an agreed bank that offers competitive interest rates. The Principal Recipient and the Sub-Recipients can use the funds granted only for the implementation of the activities covered by the Grant Program. The Principal Recipient and the Sub-Recipients must keep the funds received in the current accounts.

Similar to the special bank accounts, the Principal Recipient and the Sub-Recipients must open special cash registers, different for each activity covered by the Grant Program, for the expenses made through the cash register.

The expense reports must be made on a quarterly basis. Segregation of duties must be enforced for activities such as: payments approval, expenses eligibility verification, processing of payments and accounting for payments.

The Project's accounting system (books and records) was established to record the financial transactions of the Project and is maintained by the SRs.

The Project's accounting system (books and records) provides the basis for the preparation of the special-purpose Project Financial Statements and special-purpose Statement of Special Accounts (all referred as "the Project Financial Statements").

8. Auditor's report

8.1. The Auditor and its team have to be independent and not to be involved in any relation with the Beneficiary (the Principal Recipient and the Sub-Recipients) or with any members of the Beneficiary's staff.

8.2. The Auditor would have full and complete access at any time to all records and documents (including books of account, legal agreements, minutes of meetings, bank records, invoices and contracts etc.) and all employees of the entity related to the project.

8.3. In order to achieve the above mentioned objectives, the Auditor will perform the following activities:

- a. The audit will be performed in accordance with the International Standards on Auditing (ISA) issued by IFAC – International Federation of Accountants, with a special attention to ISA 701 "Modifications to the independent auditor's report" applicable starting with 31 December 2006, and to ISA 800 "The Independent Auditor's Report on Special Purpose Audit Engagements", and by following the Ethics Code for professional accountants.
- b. Special attention will be paid whether the Grant Program Financial Statements have been prepared in accordance with the Grant Agreement and the accounting principles stated above and whether grant funds have been spent in accordance with the conditions of the relevant financing agreements.
- c. The Auditor will verify during his mission the contractual documents of the Principal Recipient and those of the Sub-Recipients, with special attention to the Sub-Recipients Annex 2. Budget of the Project and Annex 3. Procurement Plan of the Project. The Auditor will verify the financial reports and statements of the Principal Recipient and of the Sub-Recipients and their correspondence with the Grant Agreement and Annexes 2 and 3 of the Sub-Grant Agreements, separately for the Principal Recipient and for the Sub-Recipients.
- d. The period which will be audited is from 1 January 2014 to 31 December 2014.
- e. The audit process will envisage particularly the following aspects:

- If the goods, services and works have been procured in accordance with the Grant and Sub-Grant Agreements, the Operational Manual⁴ (www.raa.ro) and the Procurement Supply Management Plan applicable for Romania;
 - To verify if the expenditures for a transaction or an operation have been accurately registered in the Beneficiary's accounting system and Financial Report and if they are backed up by supporting documents. Furthermore, the Auditor verifies if the expenditures for a transaction or operation have been reported to the proper chapter/budget line.
 - To verify if the SRs budget from the Financial Report corresponds with Annex 2. Budget of the Project from the Sub-Grant Agreement signed between PR and each SR (the accuracy and authorisation of the initial Budget) and if the expenditures incurred have been included in the budget of the project from the Sub-Grant Agreement signed between PR and each SR ;
 - To verify if the Requests for Funds of the Sub-recipient is correct and in accordance with the provisions of the Sub-Grant Agreement and the Operational Manual;
 - To verify the expenditures and to report all the exceptions that result from this verification. The verification's exceptions represent all the exceptions found in applying the procedures specified in the Operational Manual. In all cases the Auditor will evaluate the financial impact (the estimated impact) of the exceptions as related to non-eligible expenditures. For example: if the Auditor should find an exception regarding the procurement rules, he will evaluate how this has led to non-eligible expenditures. The Auditor will report all the exceptions found, including the ones where he cannot measure the financial impact.
 - To verify that the necessary supporting documents, records, and accounts have been kept in respect of all Project ventures including expenditures reported via Statement of Expenditures and Special Accounts. Clear linkages should exist between the accounting records and the financial reports presented by the PR;
 - To verify that Special Accounts have been used and have been maintained in accordance with the provisions of the relevant financing agreements;
 - To verify that the special-purpose Project Financial Statements have been prepared in accordance with the applicable accounting principles and practices, and give a true and fair view of the financial position, resources and expenditures of the Projects for the period that is audited.
- f. The Auditor shall submit to the Beneficiary the accurate planning for the activities that will be performed during his mission, no later than two weeks after the date of contract signing.
- g. The Auditor is responsible for the confidentiality of the information and documents that he has been given access during his mission.
- h. The period of time in which the Auditor will perform the audit and submit an audit report, both in Romanian and English language, is of no more than one quarter (3 months) from the date of contract signing, but no later than 31 March 2015.
The audit report will state if the audit was not in conformity with any of the above and indicate the alternative standards or procedures followed.

⁴ The Operational Manual represents the guidelines prepared by RAA and approved by GFATM at the beginning of the grant in 2007 and it includes a financial chapter and a procurement chapter. All SRs and PR have to comply with the rules and procedures set up there.

8.4. The Auditor will submit one consolidated report for the entire grant by 31st March 2015. Two weeks prior to the submission of final audit report the Beneficiary (Principal Recipient and Sub-Recipients) will have time to comment on the report. The audit report shall include the following information:

- A definition of the entity or the portion of an entity that is subject to the audit,
- That it is a special purpose report and its intended use,
- Accounting standards that have been applied and that indicate the effect of any deviations from these standards
- The audit standards applied – ISA (International Standards of Auditing - published by the International Auditing Practices Committee of the International Federation of Accountants)
- The period covered by the audit
- Whether the Grant Program Financial Statements present fairly the cash receipts and disbursements made under the Grant Program and whether the funds were utilized for the purposes defined in the Grant Program Grant Agreement
- Whether the disclosures pertaining to the Sub-Recipients present fairly the cash receipts and disbursements under the Grant Program and whether the funds were utilized for the purposes defined in the signed agreements between the Romanian Angel Appeal Foundation and the sub-Recipients;

8.5. The audit reports, English and Romanian version, will be first submitted by e-mail to each Sub-Recipient and to the PR so that the accuracy of the translation could be verified. This format should be submitted no later than 13th March 2015.

8.6. The final audit report will be both in Romanian and English language and signed in 4 copies: two copies in English and two copies in Romanian; one copy in English and one copy in Romanian for the Sub-Recipient and one copy in English and one copy in Romanian for the Principal Recipient. In case of any translation/different interpretation issues occur, the English version shall prevail. All 4 copies (two copies in English and two copies in Romanian) will be signed by the Auditor. The auditor will also submit the electronic format of the audit report, signed and stamped, on a CD/DVD.

9. Management Letter

9.1. In addition to the audit reports, the auditor **must** prepare a "management letter,"(English and Romanian language), , in which the auditor will:

- i. Set out any instances of non-compliance with the Grant agreement that were noted by the auditors in the course of their work to form an opinion on the GPFS;
- ii. Provide a schedule of ineligible and unsupported expenditures identified by the auditors in the course of their work;
- iii. Comment on instances of non-compliance in the accounting records, procedures, systems and controls that were examined during the course of the audit with particular reference to ineligible expenditures and systematic weaknesses;
- iv. Provide recommendations to address the observed deficiencies and areas of weakness in systems and controls which may be effected promptly;

- v. Communicate matters that have come to their attention during the audit which might have a significant impact on the implementation and sustainability of the grant program;
- vi. Report on the implementation status of recommendations contained in previous audit reports;
- vii. Include responses made by the PR in discussing audit recommendations, along with a timeline for implementing agreed recommendations. In cases where either the PR does not accept an audit finding or the auditor disagrees with the adequacy of the management response, the management report will acknowledge that disagreement. All observations and recommendations will be discussed with PR management before the letter is finalized.

9.2. It must be clearly noted on the face of the Management Letter that it is a confidential document and must be treated as such.

9.3. The Management Letter should state that the auditor acknowledges and agrees that the Management Letter shall be shared with GF and the Local Fund Agent (LFA) on a confidential basis.

9.4. The Management letter should use a system of grading points depending on the level of severity in line with that proposed in the *Guidelines for the annual audits of PRs' and SRs' financial statements*.

9.5 The management letters, English and Romanian version, will be first submitted by e-mail to each Sub-Recipient and to the PR so that the accuracy of the translation could be verified. This format should be submitted no later than 13th March 2015.

9.6 Each letter will be written and signed in 4 copies: two copies in English and two copies in Romanian; one copy in English and one copy in Romanian for the Sub-Recipient and one copy in English and one copy in Romanian for the Principal Recipient. In case of any translation/different interpretation issues occur, the English version shall prevail. All 4 copies (two copies in English and two copies in Romanian) will be signed by the Auditor. The auditor will also submit the electronic format of the management letters, signed and stamped, on a CD/DVD.

10. General Information

10.1. Because of the test nature and other inherent limitations of an audit, together with the inherent limitations of any accounting and internal control system, there is an unavoidable risk that even some material misstatements may remain undiscovered. The responsibility for the preparation of financial statements including adequate disclosure is that of the management of the Principal Recipients and the Sub-Recipients. This includes the maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, and the safeguarding of the assets of the entity. As part of the audit process, the auditor will request from the management written confirmation concerning representations made to the auditor in connection with the audit.

According to the Global Fund guidelines, the Principal Recipient has the right to not take into consideration the offers / tenders submitted by an auditor which has performed the Grant Program audit for 2 consecutive years.

10.2. The selected audit firm will also be granted timely, full and unrestricted access to PR's (and SRs') financial management system, accounting record, asset, property and personnel that may assist in clarifying any matter related to the audit.

10.3. To assist the selected audit firm in planning the audit, the PR will make available as a minimum the documents and information stated below. It is highly recommended as part of auditing requirements on understanding the nature of the entity's operations, that the auditors familiarize themselves with the following:

- i. GF's *Guidelines for the annual audits of Global Fund Grant Program Financial Statements: Guidelines and Tools - The Global Fund to Fight AIDS, Tuberculosis and Malaria*;
- ii. Grant agreements between the PR and GF and sub-grant agreements concluded with SRs. Any correspondence from GF approving a reprogrammed budget affecting the audited year;
- iii. Progress Updates (PU/DRs) and Management Letters. Confirmation of amounts disbursed and outstanding at the Global Fund should also be obtained;
- iv. Guidelines for Budgeting on GF programs: *Operational Policies, Guidelines and Tools - The Global Fund to Fight AIDS, Tuberculosis and Malaria*;
- v. PR's approved Finance, Procurement, SRs' Management and other relevant Manuals;
- vi. *It is also recommended to obtain an understanding of the Proposal/Concept Note under which the grant is being implemented. Proposals are available at the following link Grant Portfolio - The Global Fund to Fight AIDS, Tuberculosis and Malaria and then navigate to the respective country page.*

10.4. The auditors are strongly encouraged to contact the LFA prior to preparing the audit plan enabling the LFA to highlight any key weaknesses and areas of concern upfront. During the course of the audit, the Auditors are encouraged to contact the LFA as and when needed to obtain any additional information/clarifications.

11. The Auditor shall have the following qualifications:

- the Auditor and the members of the audit team must have graduated from a University with major in the area of financial audit;
- the Auditor has to be an active member of the Chamber of Financial Auditors of Romania ("CAFR"); and to submit copies of the CAFR member certificate and of the CAFR member book stamped for the current year;
- The auditor must be experienced in applying ISA audit standards;
- The auditor must employ adequate staff with appropriate professional qualifications, and suitable experience with ISA standards, including experience in auditing accounts of entities comparable in size and complexity to the entity being audited;
- The Auditor should have strong knowledge on the fiscal and labour legislation applicable in Romania, and to become familiar with the procedures of the Operational Manual and of the Global Fund Guidelines for Audit of Grant Program Financial Statements.
- The audit company should have experience in auditing donor-funded Programmes;
- Fluency in reading and writing in English;

- CVs should be provided to the Principal Recipient by the principal of the firm of auditors who would be responsible for signing the opinion, together with the CVs of managers, supervisors, and key personnel proposed as part of the audit team. The CVs will be submitted in Europass format.

Evaluation criteria

The evaluation criterion is the most advantageous offer based on the quality-price criteria.

No	Criteria	Maximum score to be awarded
1	<p>General qualifications</p> <ul style="list-style-type: none"> a. Engagement leader – at least 7 years of experience: 15 points. For less than 7 years of experience no points will be awarded. b. Auditor proposed team – at least 2 members with at least 3 years of experience: 15 points. For less than 3 years of experience for at least 2 team members no points will be awarded. 	30 points
2	<p>Skills and experience of the Auditor</p> <ul style="list-style-type: none"> a. Number of projects with non-reimbursable financing (for e.g.: PHARE, European Structural Funds, SAPARD, GFATM, etc.) audited during the last 3 years – maximum 30 points. A list of projects audited will be presented together with the contract value. <ul style="list-style-type: none"> - Between 1 – 4 projects audited: 5 points - Between 5 – 10 projects audited: 15 points - More than 10 projects audited: 30 points b. Number of auditor team members proposed (auditors and accountants) – maximum of 20 points for the largest team. For other number of persons proposed the points awarded will be calculated proportionally between the offers with the largest team divided to the “n” offer team and multiplied with the maximum score 	50 points
3	<p>Lowest financial offer: maximum 20 points</p> <ul style="list-style-type: none"> a. for the lowest financial offer the maximum of 20 points will be awarded b. for other financial offers the score will be awarded as following: $P_{pr} = (\text{minimum offer} / n \text{ offer}) \times \text{maximum awarded points}$ The financial offers/quotations compared are the the prices tendered including VAT. 	20 points
	Maximum points to be scored	100 points

12. Location and reporting

The Auditor will prepare audit reports for the following Sub-Recipients, in accordance with the Terms of Reference:

- Fundatia Centrul pentru Politici si Servicii de Sanatate – CPSS, Bucharest (Foundation Center for Health Policies and Services), audit report for 2 projects – deadline for submission 31 March 2015;
- Salvati Copiii Romania – SC, Bucharest (Save the Children Romania), audit report for 1 project – deadline for submission 31 March 2015;
- UIP-TB - Administratia Nationala a Penitenciarelor – ANP, Bucharest (National Administration of Penitentiaries), audit report for 1 project – deadline for submission 31 March 2015;
- Institutul de Pneumoftiziologie “Marius Nasta” – Bucharest (“Marius Nasta” Pneumology Institute), audit report for 1 project – deadline for submission 31 March 2015;
- UNOPA (Uniunea Nationala a Organizatiilor Persoanelor Afectate de HIV/SIDA) and Sub-SubRecipient ASPTMR (Asociatia pentru sprijinirea pacientilor cu tuberculoza multidrog-rezistenta) – Bucharest, audit report for 1 project – deadline for submission 31 March 2015;
- Romanian Angel Appeal Foundation – Bucharest, audit report for 1 project – deadline for submission 31 March 2015.

13. Audit plan

The estimated calendar for the 2014 audit procurement procedure and service supplying:

- 10th November 2014 – starting the procurement procedure
- 25th November 2014, 12.00 o'clock – deadline for tenders' submission
- 25th November – 5th December 2014 – evaluation and selection of most advantageous offer
- 8th – 23th December 2014 – signing the contract with the selected auditor
- until 31st March 2015 - financial audit reports to be sent by PR to GFATM and LFA⁵

⁵ LFA = Local Fund Agent. The LFA is selected by the Global Fund, and only the Global Fund has the right to replace them. Starting with 1st January 2009, the LFA for Romania is PricewaterhouseCoopers.