

01. November 2024

Request for Proposal (RFP)

Project Title: Auditing Services for Project “Unlocking carbon markets for fertilizers produced with green instead of grey ammonia.” – co-financed by GIZ.

Introduction

Perspectives Climate Research is seeking proposals from qualified public auditors to perform an audit for the project “Unlocking carbon markets for fertilizers produced with green instead of grey ammonia.”. This project aims to develop a methodology for carbon market participation to facilitate the production of green fertilizers in Egypt, Morocco, and India. The project is co-financed by the German H2UPPP program through GIZ (50%) and Perspectives Climate Research (50%). The auditor will be responsible for auditing the project costs in compliance with GIZ’s requirements. The selected auditor will ensure that all financial documentation meets the required standards, and the audit report will be submitted directly to GIZ’s invoice verification team.

Terms of Reference

1. Scope of Work

Objective of the Audit

The primary objective of this audit is to ensure the correct usage of funds for the project “Unlocking carbon markets for fertilizers produced with green instead of grey ammonia” and to confirm compliance with the financial regulations and guidelines of GIZ.

The selected auditor will conduct the following tasks:

- Two audits of total project costs: Conduct two audits covering all project-related costs to ensure compliance with GIZ standards (see Annex 8) and project’s price schedule.
- Review of advance payments: Validate advance payments and associated documentation.
- GIZ Compliance: Perform the audit according to GIZ’s “Binding Terms of Reference” for auditors (Annex 8).
- Verify the accuracy and completeness of project expenditure.
- Confirm that the costs reported are reasonable, allowable, and allocated according to the terms of the agreement.

Audit Period

The two audits will cover the financial years corresponding to the duration of the project, from the start of the contract until the final report date.

GIZ payments will occur in five installments, with **audit reports** required for advanced payment 3 and final payment 5.

Advance payment 3:	30.09.2025	Audit
Final Payment 5:	30.09.2026	Audit

The relevant audit reports and documents must be submitted to GIZ in due time to the payment deadlines at least four weeks in advance.

Deliverables

For interim settlements with sequential numbers 3 and 5 (final payment), the following documents must be submitted:

- A public auditor's report (see Section 8.5); the auditor must send the audit report in electronic form directly to GIZ's invoice verification team.
- Invoice for the costs certified by the auditor, which clears the amounts of previous advance payments.
- Auditor's invoice for the submission of the audit report.

Compliance with GIZ Terms of Reference

- The auditor must conduct the audit in accordance with the annex titled '*Binding Terms of Reference for engaging a public auditor/auditing firm*' (see Annex_8) as provided by GIZ.

Reporting and Submission

Prepare and submit an **audit report** that meets GIZ's requirements.

Submit the audit report directly to GIZ's invoice verification team in electronic format.

Ensure that the audit report clears previous advance payments and includes any necessary financial adjustments.

2. Proposal Submission Requirements

Qualified auditors are requested to submit the following:

Audit Firm Overview

A brief description of the firm, its qualifications, and relevant experience in auditing development projects, particularly those co-financed by GIZ or similar organizations.

Approach and Methodology

A detailed approach on how the audit will be conducted to ensure compliance with GIZ's requirements.

Timeline

A proposed timeline for completing the audit, including key milestones and submission dates.

Cost Estimate

A detailed breakdown of fees and costs associated with the audit services, including the auditor's invoice for the submission of the final audit report.

GIZ Approval Confirmation

A statement confirming that the auditor is aware of the requirement for prior approval by GIZ before beginning the audit.

3. Evaluation Criteria

Proposals will be evaluated based on:

1. Experience in auditing international development projects, particularly those funded by GIZ or similar entities.
2. Understanding of GIZ's audit guidelines and compliance with the terms of reference.
3. Quality and comprehensiveness of the proposed methodology.
4. Cost-effectiveness of the proposal.
5. Timeline for delivery of the audit report.

4. Submission Guidelines

Proposals should be submitted electronically by **22.11.2024** to kern@perspectives.cc and geyer@perspectives.cc. Please include "81309324" in the subject line.

5. Timeline

RFP Release Date: 01. November 2024

Proposal Submission Deadline: 22.11.2024

Evaluation and Selection of Consultant: 29.11.2024

Project Commencement: 02.12.2024

Submit Audit 1: 31.08.2025 **Completion work Audit 2:** 31.08.2026

6. Confidentiality

All information provided in this RFP and subsequent discussions with the selected consultant shall be treated as confidential and shall not be disclosed to any third parties without prior written consent.

7. Disclaimer

This RFP does not commit Perspectives Climate Research to award a contract or to pay any costs incurred in the preparation of a proposal. We reserve the right to accept or reject any or all proposals received as a result of this RFP, to negotiate with all qualified sources, or to cancel this RFP in part or in its entirety.

8. Contracting Entity

Perspectives Climate Research gGmbH

Hugstetter Str. 7

79106 Freiburg

Germany

We look forward to receiving your proposal.

For any questions or clarifications, please contact:

Angela Kern,

Perspectives Climate Research

Kern@perspectives.cc;

Annex_8 Binding Terms of Reference for engaging a public auditor/auditing firm

Based on a company's size, as outlined in section 267 of the German Commercial Code (HGB), one of the following must be engaged to carry out an audit:

- a public auditor ('Wirtschaftsprüfer')
- a chartered accountant ('vereidigter Buchprüfer') or
- a tax advisor ('Steuerberater' – for companies not required to be audited)

1. Use of development partnership with the private sector funds in accordance with the price schedule (Annex 2 to the contract)

The audit includes verification of the arithmetic correctness of the statement of account and reconciliation of the amounts invoiced with those of the accounting system and of the original vouchers.

Allocation of costs to the items agreed in the price schedule in accordance with the contract must be examined, taking due account of section 3 of the supplementary terms and conditions for development partnerships with the private sector (EPW-EVB) and the annex 'Guidelines on costs eligible for reimbursement and financial processing in development partnerships with the private sector'. Any discrepancies must be listed separately.

Any revenue must be shown separately in the statement of account and examined for completeness (e.g. allocation to a special project account and carrying out of a cut-off examination, where applicable).

Besides examination of individual items (random samples of the original vouchers) a plausibility check must be carried out for the invoiced costs. Specifically, compliance with the provisions stipulated in section 3 of the supplementary terms and conditions (EPW-EVB) must be audited, together with the separate statement of statutory VAT in invoicing.

2. Settlement of prime costs in accordance with the contract

The prime costs shown for the PRIVATE COMPANY's employees must be examined in accordance with the requirements of section 3.4.1 of the supplementary terms and conditions (EPW-EVB) and any discrepancies must be explained.

The level of the remuneration invoiced must be examined by comparing it with payroll accounting.

The following records must be examined to provide evidence of costs.

- Timesheets for the person days invoiced (bill of quantities).
- Individual statements of travel expenses (travel time/date shown, destination, number and names of travellers, purpose of travel) and submission of the original travel vouchers.

- The used original air ticket and submission of the invoice.
- Explanation of prime costs invoiced for self-manufactured materials and equipment in accordance with section 3.4.4 of the supplementary terms and conditions (EPW-EVB).
- List of individual vouchers (overview) for the procurement of materials and equipment and submission of the purchase vouchers.
 - Except for capital goods, the original handover record (GIZ form 24-7) must be submitted together with the inventory list GIZ Form 83-10 (the forms are part of the annex to the contract 'GIZ regulations and the taking of inventories and handing over equipment and materials').
- List of individual vouchers (overview) for 'Other costs', and submission of the corresponding vouchers.

3. Audit report

A brief written explanation must be given of the audit procedures and the results of the audit in line with the following sample.

Notes for the PRIVATE COMPANY:

GIZ reserves the right to require additional explanations to the audit report (cf. also the GIZ audit right described in section 9.3 of the contract for a development partnership with the private sector). GIZ is specifically also entitled to inspect records to check the settled prime costs.

GIZ further reserves the right to review the amount of the auditor's statement of account (in the course of accepting costs) and to inspect the auditor's files. An agreement to this effect must be made with the auditor.

The following format is binding for the auditor

I Audit engagement

Name of the PRIVATE COMPANY:

Country:

Project title:

Contract no.:

Term:

Audited period:

II Nature and scope of the audit

In accordance with the terms of the engagement, we have audited the use of funds for a development partnership with the private sector and the settlement of project costs in accordance with the contract, with due regard for the following documents for the audited period (please enter additional information here):

- Contract for a development partnership with the private sector and any supplementary terms and conditions
- Concept and plan of operations
- Price schedule with explanatory notes
- GIZ's supplementary terms and conditions for supplying services in development partnerships with the private sector (EPW-EVB)
- Binding terms of reference for engaging a public auditor/auditing firm

The documents were audited at the premises of the PRIVATE COMPANY / at our premises.

The audit covered the following records submitted by the PRIVATE COMPANY:

Please specify any additional records

- timesheets
- wage and salary statements
- travel expense statements
- statement of prime costs for self-manufactured materials and equipment
etc.

The audit covered the complete set of wage and salary statements, timesheets and prime costs for self-manufactured materials and equipment and random samples for all other costs by inspecting vouchers and/or other accounting records.

The following documents (give examples) were also submitted in connection with the settlement of accounts. We compared these records with the existing statements of account and audited whether items had been posted correctly.

Total costs incurred and confirmed in the audited period

EUR (IN WORDS:)

III Audit findings, auditor's report

1. Allocation of costs in accordance with the contract following the individual prices and settlement modalities in the price schedule (Annex 2 to the contract), including compliance with the 10% rule (excess/shortfall per costing line)

Objections/recommendations:

2. Arithmetical correctness of the statement of account and reconciliation of the amounts settled with those in the accounting system and in original vouchers

Objections/recommendations:

3. Regularity and effectiveness of project accounting in compliance with generally accepted accounting principles

Objections/recommendations:

4. Confirmation that the prime costs for the PRIVATE COMPANY'S employees were invoiced in accordance with the supplementary terms and conditions (EPW-EVB)

Objections/recommendations:

5. Confirmation that the prime costs for self-manufactured materials and equipment were invoiced in accordance with the supplementary terms and conditions (EPW-EVB)

Objections/recommendations:

6. Regularity of contract award procedure for goods and services under the contract for a development partnership with the private sector

Objections/recommendations:

7. Differences from previous statements of account

Objections/recommendations:

8. Confirmation that there is no duplicate financing

Objections/recommendations:

9. Confirmation that revenue/income was credited to the project account and reduces overall costs

Objections/recommendations:

10. Application of the foreign exchange rate specified by GIZ, or submission of foreign exchange purchase voucher

Objections/recommendations:

11. Confirmation that transfer fees for foreign transfers and entertainment costs were not billed

Objections/recommendations:

12. Confirmation that VAT was stated separately in invoices and forwarded to the tax office

Objections/recommendations:

13. Other comments
Notes, other objections:

On the basis of our audit, our opinion is (please select the appropriate alternative and delete the others):

Our audit of the records did not give rise to any objections / gave rise to the above objections.

It is our opinion that GIZ guidelines and directives were complied with in the settlement of accounts and that the statement of account was properly drawn up.

or

Regardless of our objections, it is our opinion that GIZ guidelines and directives were complied with in the settlement of accounts and that the statement of account was properly drawn up.

or

Due to our objections, it is our opinion that GIZ guidelines and directives were **not** complied with in the settlement of accounts and that the statement of account was **not** properly drawn up.

or

We were unable to complete our audit, as the following records were not submitted. Regardless of the fact that the records submitted did not give rise to any objections, we are qualifying our opinion as follows. (Description of the records audited and those not submitted)

Place, date	Auditor's stamp and signature

Management letter of representation for the PRIVATE COMPANY

We confirm herewith that we have submitted all records and contracts to the firm (public auditor/tax advisor) engaged to carry out the audit.

Place, date	Stamp and signature of the PRIVATE COMPANY

