

**Project no.: 328-900-1070 ZG**

**Project title: Psychosocial Rehabilitation Opportunities, Training and Enhancement for Children along the Thai-Myanmar Border (PROTECT)**

**Annex II: Scopes of the Auditing Contract**

**Project Period: 1 January 2023 – 31 December 2025**

No	Objectives
1.	To examine the propriety of project accounting operations and their conformity with the Project Contract in all its parts as well as with relevant national regulations.
2.	To examine the tools and procedures of internal control.
3.	To examine the bank account opened especially and exclusively for the project, and any further bank accounts of the project which may be necessary (e. g. for repayments of loans).
4.	To examine whether the person(s) enjoying power of disposal over the project bank account is/are the same or among those officially authorised to represent the Legal Holder of the project.
5.	To examine whether there have been any changes regarding staff enjoying authorisation to represent the Legal Holder of the project.
6.	To examine all incoming grant disbursement transactions, including especially accuracy and completeness of records and evidence of exchange transactions from foreign into national currency.
7.	To examine the various project bookkeeping accounts with their supporting documents of receipts and payments in the national currency; to verify whether a clear distinction has been maintained between amounts actually paid out at the point of time when the accounting period ends and payments not yet effected but to be recognised as expenditure for the same period on the basis of the obligations incurred (payments according to a receipts and payments account versus expenditure based on accruals concept).
8.	To examine whether the local and/or third-party contributions to be provided as part of the project have actually been received, duly shown in the books, and properly used for the financing of project expenditure; to verify information on income which was due but was actually received after the end of the period under review from local and third-party contributions, if any; as to local contributions, only those made in monetary terms should be shown. Where non-monetary contributions (e. G. Voluntary labour, contributions in kind) have been provided, these should be shown separately.
9.	To examine whether any credit interest was gained from disbursements of KZE and/or MISEREOR and/or any third party, and if so, whether the interest thus gained was properly used for the financing of project expenditure.
10.	To examine the inventory of all movables of a value exceeding EUR 410.00 (excluding local value-added tax) and purchased with money from project funds; to examine compliance with their project-tied use within the periods stipulated in the General Agreement (only applicable to projects funded through KZE).
11.	If immovables were purchased or buildings erected as part of the project, to examine evidence of ownership or of right of disposal, and to find out whether any encumbrances or obligations to third parties were created; also, to examine whether they are being used for the project purpose for which they were destined.
12.	To examine whether, in the case of sales and building contracts (of a value exceeding EUR 500.00 excluding value-added tax, in the case of building contracts in accordance with the additional documents enclosed with the project contract) tenders were invited (at least three, informally, for example via telephone or internet) and received, thus documenting the economical and efficient use of funds made available for purchasing or construction purposes; whether the award process was documented; if no tenders were obtained, the reasons shall be explained in the auditor's report.
13.	To examine whether any reserves have been created from funds disbursed and if so, whether the consent of KZE or MISEREOR to do so has been obtained; to examine on completion of the project whether these reserves have been dissolved and duly used for project purposes.
14.	To examine whether any depreciation or imputed costs, which are no actual payments in the sense of a receipts and payments account, have erroneously been included in the Statements of Receipts and Payments submitted to KZE or MISEREOR.

No	Objectives
15.	To examine staff payrolls and lists of professional fees paid with regard to their being in accordance with the project contract and the employment contracts and fee contracts concluded as well as with the rules regarding payment of taxes and social security contributions.
16.	In the case of education and training courses, to examine the relevant invoices, bills, receipts (covering professional fees, food, accommodation, transport etc.) and also the lists of participants.
17.	To examine whether funds approved for the project have been used within the stipulated period (four months in the case of non-European foreign countries / six weeks in the SEPA1 area).
18.	Statement regarding which of the above-mentioned items were examined individually and on which items statements were made regarding the failure to comply with regulations and requirements as stipulated in the project contract.