



Pan-African Farmers Organization

Terms of References

For the selection of the auditor / audit firm

This document is developed to set guidelines and define criteria for the selection of auditing firm to audit the Financial and Institutional accounts of PAFO for the fiscal year 2026, 2027 and 2028. This document has been reviewed and validated by the PAFO Board while the decision for the most qualified bidder for this task will be taken by the General Assembly.

These Terms of References (ToRs) specify the scope, terms and conditions of appointment of the PAFO Auditor.

I. Overview of PAFO

PAFO is recognized as the representative body of African farmers organizations at the highest continental level. PAFO is currently composed of five African regional networks representing more than 70 farmers organizations of men and women from 49 African countries.

PAFO was created in October 2010 by its constituent assembly under the sponsorship of the African Union (AU). This constitutive assembly was the culmination of a process begun several years ago in collaboration with the five regional networks of farmers' organizations in Eastern Africa (EAFB), Central Africa (PROPAC), Western Africa (ROPFA), Southern Africa (SACAU) and Northern Africa (UMNAGRI).

PAFO is registered in Rwanda as an international non-governmental organization and is certified by the Rwanda Governance Board to operate legally and establish its headquarters in Rwanda under number 001/RGB/19.

Values:

- Solidarity
- Equity and non-discriminatory (considering minorities, vulnerable groups and gender balance)
- Democracy (decisions based on consensus and/or vote)
- Transparency and accountability
- Openness
- Subsidiarity

- Humility

Vision:

A vibrant African agriculture, prosperous and sustainable ensuring food security and sovereignty, including the socio-economic and cultural development.

Mission:

Representing the interests of African farmers and promoting the development of African agriculture.

Objectives:

- Promote and consolidate solidarity among African farmers through existing regional organizations;
- Ensure the economic and social empowerment of farmers through the representation and defense of their interests on continental and international levels;
- Participate in capacity building of farmers' organizations in Africa through fundraising, institutional development, information and communication, exchange of experiences and dissemination of good agricultural practices;
- Strengthen partnerships and alliances with relevant partners to support agricultural sectors and rural development;
- Promote and strengthen the participation of African women, youth and minority groups in agriculture.

Objective of the Audit

The objective of the audit is to enable the auditor to express an independent professional opinion(s) on the PAFO's financial position and management methods, as well as on funds received and expenditures incurred for the relevant accounting period at the end of each fiscal year.

PAFO's financial statements are prepared to reflect the financial transactions in respect with the laws of the head-office's host country, the PAFO legal texts, the agreements and projects. PAFO maintains adequate internal controls and supporting documentation for transactions.

The auditor should have access to all legal documents, correspondences, and any other information associated with the PAFO activities and deemed necessary by the auditor. The auditor will also obtain confirmation of amounts disbursed and outstanding. Available information should include copies of the relevant projects' appraisal documents; financing agreements; financial management assessment reports; supervision mission reports and implementation status reports.

The financial statements, including the audit report, management letter and management response should be received by the PAFO President no later than 4 months after the end of the accounting year to which the audit relates.

II. Scope of the Audit

The audit will be carried out in accordance with the International Standards on Auditing (ISA), as promulgated by the International Federation of Accountants (IFAC), and will include such tests and auditing procedures as the auditor will consider necessary under the circumstances. Special attention should be paid by the auditor as to whether the:

- 1.** All received financing has been used in accordance with the conditions of the related financing agreements, with due attention to economy and efficiency, and only for the purposes for which the financing was provided.
- 2.** Goods, works and services financed have been procured in accordance with the related financing agreements including specific provisions of the Donors Procurement Policies and Procedures.
- 3.** All necessary supporting documents, records, and accounts have been maintained in respect of all expenditures. The auditor is expected to verify that respective reports issued during the period were in agreement with the underlying books of account.
- 4.** National laws and regulations have been complied with, and that the approved financial and accounting procedures (e.g. administrative manual, financial procedures manual, etc.) were followed and used.
- 5.** Financial performance of the projects is satisfactory.
- 6.** Assets procured from PAFO funds exist and there is verifiable ownership.

In complying with International Standards on Auditing, the auditor is expected to pay particular attention to the following matters:

- 1. Fraud and Corruption:** The Auditor's Responsibility is to Consider Fraud in an Audit of Financial Statements. The auditor is required to identify and assess these risks (of material misstatement of the financial statements) due to fraud, obtain sufficient appropriate audit evidence about the assessed risks; and respond appropriately to identified or suspected fraud.
- 2. Laws and Regulations:** In designing and performing audit procedures, evaluating and reporting the results, consider that noncompliance by PAFO with laws and regulations may materially affect the financial statements.
- 3. Governance:** Communicate audit matters of governance interest arising from the audit of financial statements with those charged with PAFO governance.
- 4. Risks:** In order to reduce audit risk to an acceptable low level, determine the overall responses to assessed risks at the financial statement level, and design and perform further audit procedures to respond to assessed risks at the assertion level.

III. Conditions to be fulfilled in the selection phase of the auditor / audit firm

The auditor must meet at least one of the following conditions:

1. The auditor and/or the firm is a member of a national organization of public accountants, which is itself a member of the International Federation of Accountants (IFAC). The auditor undertakes to carry out this mission in accordance with IFAC standards and the ethics set out in these ToRs.
2. The auditor and/or the firm is registered as a statutory auditor in the public register of a public oversight body in an African country and this register applies the principles of public supervision set out in the legislation of the concerned country.

The auditors/audit firm must have the following:

- 5 years of registration with the organizations or registers mentioned above.
- Be experienced in the audit of development projects.
- Be acceptable to international donors.
- Should have physical presence in Rwanda.

IV. Components of the reporting

1. **Title of the Report:** “Audit of the Resources Managed by PAFO during the period from January to December”.
2. **Basic Considerations:** Information regarding the financial statements which are to be prepared by PAFO and reviewed by the auditors, as well as general information about the operation.
3. **Background of the funding and Projects:** Budgets, Components, Amount and volume of the transactions to be audited.

V. Management Letter

In addition to the audit report, the auditor will prepare a management letter, in which the auditor will:

- Give comments and observations on the accounting records, systems and controls that were examined during the course of the audit;
- Identify specific deficiencies or areas of weakness in systems and controls, and make recommendations for their improvement;
- Report on the degree of compliance of each of the financial covenants in the financing agreements and give comments, if any, on internal and external matters affecting such compliance;
- Communicate matters that have come to his/her attention during the audit which might have a significant impact on the implementation of the PAFO activities;
- Give comments on the extent to which outstanding issues/qualifications issues have been addressed;
- Give comments on previous audits’ recommendations that have not been satisfactorily implemented; and
- Bring to the recipient’s attention any other matters that the auditor considers pertinent, including ineligible expenditures.

Ideally, the management letter should also include responses from the PAFO secretariat to the issues highlighted by the auditor.

VI. Audit Duration and Deliverables

The audit work shall be completed within 30 days from the date of commencement of the audit.

The Auditors on completion of the audit work will submit to the PAFO President two original copies of the Audit Report **in English and French** appended to the Financial Statements, and two original copies of the Management letter **in English and French** in accordance with the paragraphs described here before.

VII. Submission procedures

The auditor or firm must submit a technical and financial proposal to ceo@pafo-africa.org with a copy to finance@pafo-africa.org by June 30, 2025.

The deliverables of the technical offers are:

- A cover letter;
- A detailed presentation of the bidder including his previous experiences and references;
- Tax clearance of the last exercise year;
- Each reference announced in the technical offer must be justified by an official document, including the names, addresses and telephone numbers of the contracting authority;

Selection procedures

VIII.

The management of PAFO will analyze the offers submitted and their conformity with the mission requirements, and recommend to the Board the most qualified Auditor. The selected Auditor will be validated by the General Assembly and contacted by PAFO to sign a contract for a period of three years.

Only short-listed bidder will be contacted

PAFO reserves the right to request additional documents or explanations