

Terms of Reference for Human Appeal – Iraq “Audit- FY-24”

Introduction:

Human Appeal is a non-profit organization working across the globe to strengthen humanity’s fight against poverty, social injustice and natural disaster. Through the provision of immediate relief and the establishment of self-sustaining development programmes, we aim to invest in real, effective solutions. Human Appeal has been delivering humanitarian assistance in Iraq since 2017.

HA Iraq is soliciting proposals from firms to audit HA financial statements for the year ending December 2024.

The annual income of HA- Iraq for FY-2024 (estimated) about USD **2,515,000** approx.

Scope of Audit:

The scope of the audit will include all funds relating to Human Appeal/ Donors. The audit will be carried out in accordance with international standards on auditing (ISA), and will include such tests and auditing procedures, as the auditor considers necessary under the circumstances.

The auditor to should pay special attention:

- a) Human Appeal/ Donors funds have been used in accordance with the conditions of funding agreements, with due attention to efficiency and economy, and only for the purposes for which funding was provided.
- b) An appropriate management structure, internal controls and record keeping systems are maintained and can be relied upon.
- c) Goods and services have been procured in accordance with the relevant procedures, taking into account value for money.
- d) All necessary supporting documents, records and accounts have been kept in respect of the Human Appeal/ Donors funded projects. Clear linkages should exist between the books of accounts and financial reports submitted to Human Appeal/ Donors.
- e) The accounting and overall management control system is adequate, and effective to monitor and account for project funds/disbursements made to partners/ Suppliers/ contractors etc.
- f) All assets financed by Human Appeal/ Donor funds physically exist and adequately maintained and used for intended purposes.
- g) All inventory record is physically verified and reconciled with record. Adequate measures have been taken to ensure receipts/ dispatch of inventories from warehouse.

The audit should include a rigorous examination of the system of internal controls, including authority levels, staff competence, accounting records and supporting documentation, separation of duties, and monitoring arrangements. Where certain controls are impracticable, appropriate compensating controls should exist.

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The auditor should plan the audit so that there is a reasonable expectation of detecting material misstatements resulting from fraud, error or non-compliance with funding agreements, laws and regulations as may be necessary. If the auditor’s suspicions are aroused, s/he must inquire into all the circumstances until satisfied.

Expected deliverables:

The following are the expected deliverables:

1. Audit Report

The opinion expressed in the audit report will address whether:

- a) Human Appeal/ Donors’ funds have been used in accordance with the relevant agreements. The auditor should provide a commentary on the accuracy and propriety of project expenditures in accordance with the funding agreements
- b) The auditor shall make a statement confirming they have complied with these terms of reference in the introduction to the management letter. In particular, they will confirm that they have complied with each of the points raised under scope of work above.

2. Management Letter

In addition to the audit report, the auditor will prepare a “Management Letter” which will:

- a) Give comments and observations on the accounting records, systems, and controls that were examined during the audit.
- b) Report on the degree of compliance of each financial covenant in the grant agreement and give comments, if any, on internal and external matters affecting such compliance.
- c) State whether the funds are managed to procure assets/services in accordance with its grant agreement with Human Appeal-UK/ Donors.
- d) Report on any ineligible expenses identified.
- e) Identify specific deficiencies or areas of weakness in systems and controls, and make recommendations for their improvements.
- f) Communicate matters that have come to the auditor’s attention that might have a significant impact on the implementation of the projects.
- g) Refer to any other matters that the auditor considers relevant.
- h) In all cases, a management letter MUST be issued. If no issues have arisen during the course of the audit, the auditors must issue a management letter stating that no issues have arisen.
- i) Include a high, medium or low prioritization on all issues arising in the management letters. Ranks should be allocated according to the following criteria:

“A” - a major weakness or a recurring issue that must be addressed soon

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“B” - an important matter that will significantly improve the control environment, the accounting system or the operations of the business but is not so serious or prevalent as to be considered a major weakness

“C” - a minor (or isolated) weakness that should nevertheless be addressed to improve the control environment, the accounting system or the operations of the business.

YOUR PROPOSAL SHOULD CONTAIN THE FOLLOWING CONSIDERATIONS:

- a) Your staff stability history at Senior management level; i.e. stating what assurance you can provide HA-Iraq in the assignment of your permanent personnel to the engagement
- b) Experience of your firm in relation to the scope of audits for non-profit organizations.
- c) Proof of presence and experience of your firm in the country/ area where HA- Iraq is currently implementing their projects.
- d) Detailed audit methodology including your approach to risk and fraud detection and Audit quality control.
- e) Structure of the Management letter
- f) Your fee proposal to conduct the basic audit function.
- g) The estimated number of hours to complete the audit by classification of your employees, i.e. partners, seniors, juniors, etc.

Financial Records

All the financial records such as quarterly/monthly financial reports and supporting documents like payment vouchers, receipts, invoices, quotations, etc. are kept at Human Appeal - Iraq Country Office in Erbil. The audit can therefore be conducted at Human Country office.

How to Apply

- Please send all of your firm documents together with your technical and financial proposals.
- Your email must include the subject line "Audit-RFQ2024"; emails without a topic title will be rejected.
- Only local currency, IQD, will be utilized to quote the stated prices.

- The pricing offer will be active and open for acceptance for thirty days from the deadline for making the offer, without alteration.

Application Deadline

All bids should be send to email address Procurement.iraq@huamanappeal.org.uk

Not later than 05:00 PM, 02-Jan-2025