TERMS OF REFERENCE
IRAQ COUNTRY OFFICE - EXTERNAL AUDIT SERVICE

Background

Founded in 1982, Search for Common Ground (Search) is the world's largest dedicated peacebuilding organization. We work to transform violent conflict into peace, building healthy, safe, and just societies in the process. We work in the world's most challenging contexts and develop lasting solutions that are based on the needs of communities. We engage with leaders and elected officials to advance dialogue and collaboration. We are community leaders. We are youth activists. We are women. We are peacebuilders. Over the last 40 years, we have developed our understanding of what peace looks like, being able to quantify our impact and design more effective programming, working on the frontlines of today's most consequential conflicts. Active in 36 countries across Africa, Asia, the Middle East, Latin America and the United States. and thanks to more than 900 employees, 91% of which are local to the country where we work, we are building a future where collaboration in the face of conflict is the norm—where our differences stimulate social progress, rather than precipitate violence.

Search Iraq Country Office (CO) seeks proposals from audit firms for its annual statutory audit for the period 2024.

Scope of Work:

Search Iraq CO seeks to engage an accounting firm to prepare its statutory-basis financial statements from 1st January 2024 to 31st December 2024 based on its financial records.

The firm will be asked to express an opinion on the fair representation of the organization's financial statements.

Audit Objectives:

1. The audit will be carried out in accordance with the International Standards on Auditing.
2. To review the effectiveness of risk management systems and processes.
3. To evaluate the effectiveness of finance, management & governance, programmatic and administrative systems & structures of the organization and follow up on outstanding recommendations from previous audits and other financial reviews.
4. Obtain sufficient audit evidence to substantiate in all material respects the accuracy of the information contained in the financial statements.
5. Obtain an understanding of internal controls and perform tests of internal controls.
6. Issue an independent Auditor's Report that states but is not limited to the following:
    a) An Opinion (or disclaimer of opinion) as to whether the Financial Statements present fairly in all material respects in conformity with the Generally Accepted Accounting Principles
    b) A report on internal controls which shall describe the scope of testing of internal controls and the results of the tests.

   c) A schedule of findings and questioned costs that includes a summary of the auditor's results.
7. Perform a high-quality audit perceived as such by the client.
8. Arrive at a qualified audit opinion on the financial statements.
9. Identify all material audit risks as early as possible and, if possible, ensure resolution of these prior to year-end.
10. Indicate areas where risk is found in order to generate a more complete picture of financial responsibility.
11. Bring all material issues within the accounting and internal control system of the Search for Common Ground to the attention of management at an early stage together with our recommendations for improvement, in a standard presentation.
12. All the issues should be identified and discussed during the audit process.

Special attention should be paid by the auditor as to whether:

1. Funds have been used in accordance with the conditions of funding agreements, with due attention to efficiency and the economy, and only for the purposes for which funding was provided.
2. Goods and services have been provided in accordance with the relevant procedures.
3. All necessary supporting documents, records and accounts have been kept in respect of the project with clear linkages to the activity reports presented to donors.
4. The financial statements have been prepared in accordance with Search for Common Ground applicable accounting policies or in accordance with International Financial Reporting Standards (IFRS).
   - Auditors' opinion should be according to International Standards on Auditing.
   - The auditor should plan the audit so that there is a reasonable expectation of detecting material misstatements in the accounts resulting from fraud, error or non-compliance with laws and regulations as may be necessary. If the auditor's suspicions are aroused, s/he must inquire into all the circumstances until satisfied. If material irregularities are discovered, they must be reported to the Country Director immediately.

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

a) ***Fraud and Corruption***: Consider the risks of material misstatements in the financial statements due to fraud as required by ISA 240: The Auditor's Responsibility 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.

b) ***Laws and Regulations***: In designing and performing audit procedures, evaluating and reporting the results, consider that noncompliance with laws and regulations may materially affect the financial statements as required by ISA 250: Consideration of Laws and Regulations in an Audit of Financial Statements;

c) ***Governance***: Communicate audit matters of governance interest arising from the audit of financial statements with those charged with governance of an entity as required by International Standards on Auditing 260: Communication of Audit Matters with those Charged with Governance.

d) ***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 as required by Internal Standard on Auditing 330: the Auditor's Procedures in Response to Assessed Risks.

Additional Opinions

Special Opinion	Details
Compliance with Taxation requirements and other Government Liabilities	The auditor will share a report on accuracy, timeliness and proper recording of all taxation liabilities and other government liabilities specified by name. This report should have instances of non-compliance, Impact thereof and recommendations for corrective actions.
Personnel Liabilities	Auditors will share a separate report on the adequacy of personnel liabilities by specifically reviewing the Completeness Accuracy and Timely disposition Of Personnel liabilities in accordance with Labor Laws and Human resource manual. This includes reviewing the fact that all minimum labor law liabilities are provided for or not.
Asset Listings and related processes	A report on the accuracy of Asset listings (Inventory listings) for existence and related internal controls on review and monitoring.

Deliverables:

The firm/individual auditor shall provide deliverables consisting of an electronic (PDF format) copy and 3 printed and stamped copies of the financial statements in English and Arabic languages. Statement preparation, editing, and printing shall be the responsibility of the firm. Statements will include:

1. Financial Report Statement (Income and statement of financial position)
2. Cash Flow Statement
3. Statement of Changes in Net assets/Head office account.
4. Management Report Letter

Audit Timeline:

The audit is scheduled to begin on 16th of Feb 2025 covering the financial period 1st January 2024 to 31st December 2024. The draft Audit Reports should be submitted by 16th of March 2025 while the Signed Audit Reports should be submitted by 30th of March 2025.

Recruitment Requirements:

1. A technical proposal inclusive of the following:
   - Years of experience in auditing of Non-Governmental Organizations (NGOs)
   - Company profile includes various donor funded projects that the audit firm has audited.
   - Proposed team composition, qualification, and experience (be sure to include the number of staff that will be assigned to the audit).
   - Number of days proposed for the audit exercise.
2. At least two Reference Letters from other NGOs that the audit firm/team has audited.
3. Up to date company registration and tax filing.
4. CV of proposed Audit lead/focal point.
5. Financial proposal in USD currency.

How to apply

- Send all your recruitment requirements to **Iraq@sfcg.org**, with the subject: **External Audit Services**