

AUDIT TERMS OF REFERENCE

Terms of Reference for the provision of external audit services for the financial years 2021 to 2024 for Project IRQ0103

Funds from BMZ through Johanniter International Assistance (JIA) to Jiyan Foundation for Human Rights

1. BACKGROUND:

The Jiyan Foundation for Human Rights established 2005, operated a center in Baghdad/Iraq since October 2021 up to the end of the project that is to be audited (including the establishment phase) for the provision of clinical and legal services to vulnerable parts of society.

The Centre was funded by German institutional funds from the Federal Ministry for Economic Cooperation and Development (BMZ) through the organization Johanniter International Assistance within the framework of a project funding agreement. This is the only source of funding.

Objective of the audit

The objective of the audit for this project is to put in place a review process to ensure that:

- The Project funds for the project were used for the purposes they were intended
- Appropriate controls were in place to prevent or detect material misstatements, and other irregularities;
- The procurement procedures outlined in the Johanniter's Procurement Guidelines were followed;
- Economy, efficiency and effectiveness has been achieved in the procurement process consistent with transparency and preventing conflict of interest;
- Assets specified in procurement records provided by the partner are verified or there is proof of their receipts or utilization and that they were used for the purpose they were acquired for;

2. PROJECT TO BE COVERED BY THE AUDIT

2.1 Project Information

Project Name: "Strengthening support systems infrastructure and resilience of vulnerable people in Baghdad"

Donor: German Federal Ministry for Economic Cooperation and Development (BMZ)

Project Duration: 01.09.2021 – 31.04.2024 (32 Months)

Audit Period: 01.09.2021 – 30.04.2024.

Audit Date: 01.08.2025 to 15.09.2025

Audit Location: Dohuk, Iraq

The total budget of the project to be audited: **1,522,351.00 EUR**

2.2 Audit schedule and time frame

| Milestones | Estimated Completion Dates |
|---|-----------------------------------|
| Issuance & Discussion of the TOR with the Selected Audit Firm | 21/07/2025 |
| Audit time frame | 07/08/2025 to 21/09/2025 |
| Draft Report shared with Johanniter | 05/09/2025 |
| Draft Report review by Johanniter | 06/09/2025 to 10/09/2025 |
| Final Audit Report | 21/09/2025 |

3. SCOPE OF WORK

3.1 The audit firm will perform the following types of external audits:

- Check all finances operated by the Jiyan Baghdad Center against the financial requirements of Jiyan Foundation and Johanniter International Assistance (financial documentation, including tendering processes);
- Compliance audit;
- Performance audit;
- Fraud detection

3.2 The scope of the external audit entails testing and evaluating the adequacy and effectiveness of the organization's systems of internal control and making recommendations as follows:

- a. Appraise the effectiveness and efficiency with which resources are employed and identify opportunities for improving operating performance.
- b. 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.
- c. Review the reliability and integrity of financial and operating information and the means used to identify, measure, classify, and report such information.
- d. Review the systems established by management to ensure compliance with those policies, laws, regulations, and controls that could have a significant impact on operations.
- e. Determine whether the organization is in compliance with its financial, administrative, and property management procedures and other relevant legislation that governs the organization.
- f. Ensure that the organization adheres to the corporate governance requirements as prescribed in the organization's internal rules and regulations.
- g. Carry out a detailed review and analysis of all (100% up to 28.02.2023) the transaction Vouchers (including the supporting documents) to determine whether the financial management capacity, financial systems and internal control mechanisms within the organization are adequate and effective in the management of the project in line with BMZ financial policy.
- h. Determine whether goods and services financed by donor funding have been procured in accordance with the relevant financing agreements and with due regard to agreed procurement guidelines by both the donor (BMZ) and Johanniter

- i. Determine whether the expenditure of project funds has been approved at the correct level of delegated authority. This includes initial approval to incur expenditure and the payment of claims, invoices, salaries, allowances, and any other items of expenditure charged to the project budget in the audit period.
- j. Irregularities, including fraud, are instances of non-compliance with laws and regulations. The audit design and procedures should be aimed to detect material misstatements in respect of irregularities, including the risk of fraud (if any) during the project audit period.

3.3 Execution of audit assignments will be as follows:

- Assignments are to be performed in accordance with the International Standards for the Professional Practice of External Auditing (Standards).
- The Audit firm will be briefed by Johanniter International Assistance about the financial requirements and regulations in place.
- In carrying out the work, the audit firm must ensure its staff maintains their objectivity by remaining independent of the activities they audit.

3.4 The Audit Report and Management Letter shall contain the following:

- The audit report should clearly indicate the auditor's opinion. This should include a clear expression of opinion on the management of the project and compliance with the funding agreements with BMZ and Johanniter.
- Whether the Statement of Expenditure for this project for the audit period is adequately and fairly presented and whether the disbursements made are in accordance with the purpose for which funds have been allocated to the project.
- The audit report should include a separate note of any ineligible expenditure identified during the audit.
- The management letter should cover an assessment of the project's internal control system with equal emphasis on (i) the effectiveness of the system in providing the project management with useful and timely information for the proper management of the project and (ii) the general effectiveness of the internal control system in protecting the assets (if any) and resources of the project and (iii) the management processes of the organization and (iv) whether the Interim Audit recommendations have been fully implemented from the time of the interim audit to the end of the project.
- The management letter should identify specific deficiencies and areas of weakness in systems and controls and make recommendations for their improvement and report on the degree of compliance with the financing agreement and give comments (if any), on the internal and external matters affecting such compliance
- The audit report should provide an opinion on the potential for fraud and corruption in the implementation of the project, naming the specific conspicuous elements identified and provide details of any actual fraud or corruption incidents during the period under review and the value of possible losses.
- The audit report shall be in English language.

The draft audit report should be submitted to Johanniter International Assistance by 30/08/2025 and the final signed audit report shall be submitted to Johanniter International Assistance by 15/09/2025.

3.5 Location of services

The required service of the external audit will be rendered at the Jiyan Foundation, Duhok Center, where all the Financial Record Documents are kept.

3.6 Audit Language

The documents to be reviewed in the audit are in either Arabic or English language. The audit firm must have fluency in both languages.

3.7 Audit Certificate

Proposals must include evidence of the firm's accreditation by the Iraqi Union of Accountants and Auditors, and by any other relevant entities such as the Kurdistan Union of Accountants, etc.

Auditing companies with accreditation by the German Embassy in Iraq will be prioritized.

Submissions must include technical and financial proposal elements, with methodologies and applied standards clearly described in detail.

Proposals must be made by email to tender.hq@johanniter.de no later than 12:00 midnight local time on Wednesday, 10 July 2025.