

Terms of Reference

Project Audit of FCDO UK Integrated Security Fund, Iraq Program Partner (Women for Women International)

1 Introduction

Women for Women International is an international non-profit organization with its headquarters in Washington DC, USA and a Country Office in Iraq since 2003 and the Kurdistan Region of Iraq (KRI) since 2017.

The present document and the Annexes listed in Section 14 are the terms of reference ('ToR') on which the Partner (The term "Partner" refers to Women for Women International) agrees to engage 'the Auditor' to perform a verification of reported expenditure.

Where in this ToR the 'Contracting Authority' is mentioned, this refers to the < Foreign Commonwealth and Development Office, UK Integrated Security Fund (FCDO UKISF), Iraq>, which has signed the Grant Contract with the Partner and is providing the grant funding. The Contracting Authority is not party to this agreement.

This ToR will become an integral part of the contract concluded between the Partner and the Auditor.

2 Objectives and context

The Auditor is expected to:

1. Ensure the Partner has utilised FCDO's funds in accordance with the terms and conditions of the funding arrangement.
2. Verify the accuracy and fairness of financial reports submitted to FCDO.
3. Assess the adequacy of internal controls and risk management systems and procedures related to the management of FCDO funds.
4. provide FCDO with independent assurance that FCDO funds have been used for the intended purposes and sign on the AUDIT DISCHARGE CERTIFICATION in Annex 2.

3 General Audit Requirement

The audit will be performed in accordance with International Standards on Auditing (ISAs). The auditor will report whether proper books of accounts have been maintained by the partner organization for the recording of project expenditures. Furthermore, they would report on whether the documentation clearly identifies, among other things, the basis upon which invoices have been calculated and that these records have been maintained:

- (a) With the degree of care expected
- (b) In chronological order, and
- (c) In a form that is appropriate for audit.

The auditor will report whether the program records provide a true and fair view of the project's expenditures.

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4 Requirements for the Auditor

By agreeing on this ToR, the Auditor confirms meeting at least one of the following conditions:

- The Auditor is a member of a national accounting or auditing body or institution which in turn is a member of the International Federation of Accountants (IFAC).
- The Auditor is a member of a national accounting or auditing body or institution. Although this organisation is not member of the IFAC, the Auditor commits to undertaking this expenditure verification in accordance with the IFAC standards and ethics set out in these ToR.
- The auditor is an internationally qualified auditor (CPA, ACCA or its equivalent) with experience in donor accounting and financial management and should have a minimum of three (3) years' experience in the field with experience in statutory and project auditing.

5 Scope

5.1 Contracts and Financial Reports covered by this ToR

The Contract(s) and Financial Reports subject to this expenditure verification are indicated in the Project Key Information below.

5.2 Conditions for Eligibility of Expenditure

Reconciliation of the financial records and comparison with the approved budget:

- Validate the accuracy of project expenditures incurred, recorded, reported and supported by the adequate documentation. Ensure they are in line with the signed agreement and approved Activity Based Budgets by the FCDO.
- Verify that expenditures were adequately authorised in accordance with the organisation's authorisation levels/hierarchy.
- Verify that the staff salaries/allowances and consultants' fee charged to the project and reported are in line with the signed agreement with FCDO and any additional approvals after that.
- Verify that all expenses against project activities/workplan comply with Partners policies and identify and inaccuracies/missing supporting documents.
- Time charges invoiced to FCDO are in compliance with agreed proforma rates and staff timesheets.
- Review and verify that procurement procedures for goods/services are in line with the policies and guidelines already set in partner's manual/SoPs.
- To the extent practical, quantify the financial impact of the potential inappropriate expenses if charged/claimed by the Partner.
- Verify that an up-to-date record of assets (procured out of FCDO funds) is maintained as per FCDO requirements and auditors will also carry out a physical verification of assets purchased under this project.
- Project annual expenses are audited by an independent and appropriately qualified auditor where FCDO project funding is clearly segregated from other funds.

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5.3 Compliance and Control

- Ensure that no conflicts of interest have occurred and that any potential conflicts were disclosed and managed appropriately. Also, validate/ensure that the procedures on conflict of interest and segregation of duties are in place and are effective.
- Investigate any instances or suspicions of aid diversion, including fraud, corruption, bribery, theft, terrorist financing, and money laundering by the partner organization or the downstream partner.
- Confirm adherence to safeguarding policies for the prevention of SEAH and review the partner's actions in response to any SEAH allegations.
- Reports submitted to Donor during the year.
- And other reporting requirements imposed by FCDO

6 Deliverables

Deliverables required from the auditor would be:

6.1 The verification of financial reports

The auditor should verify that the financial reports have been prepared in accordance with the agreed accounting standards and give a true and fair view of the financial position of the project at the relevant date and of resources and expenditures for the project financial year ended.

6.2 Audit Report

The audit report would explicitly express the auditor's opinion as un-qualified or qualified – as the case may be. Audit procedures performed, and conclusions reached thereon. Significant uncertainty, errors or omissions in connection with Partner's book-keeping, accounting system or internal checks.

6.3 Management Letter

The auditor would provide a management letter, in which they would:

- Provide their recommendations for their observations about the accounting records, systems and controls that were examined during the audit.
- Identify specific deficiencies or areas of weakness in system of internal controls related to the project and provide recommendations for their improvement.
- Give comments on the extent to which outstanding issues/qualifications have been addressed.

7 Preparatory Meeting, Fieldwork, closing meeting

The Partner foresees a preparatory meeting with the Auditor which will be held in person or virtually. The fieldwork shall commence as soon as possible and not later than 10 calendar days after the signature of the verification contract or the date of availability of the Financial Report (i.e. financial report, supporting documents and other relevant information).

The main task during the fieldwork will be to perform the tasks indicated in section 5 (Scope of work)

At the end of the fieldwork, the Auditor should prepare a debriefing memo, organize a closing meeting with the Partner in order to discuss the findings, obtain its initial comments and agree on additional information to be provided at a later date.

8 Reporting

The report should be presented in English. The Auditor will submit within 7 working days of the conclusion of the field work a draft report to the Partner for comments to be received within 5 working days. The Auditor will provide the final report to the Partner within 5 working days from the receipt of the comments (if any).

9 Subcontracting

The Auditor will not subcontract without prior written authorization from the Partner.

10 Proposal Content

To simplify the evaluation process and obtain maximum comparability, Women for Women International (WfWI) requires that all responses to be organized in the manner and format described below:

A. Executive Summary

Describe your understanding of the work to be performed and your firm's ability to perform the work within the time frame provided.

B. Professional Experience

Describe how and why your firm is different from other firms being considered. This should include an explanation of the firm's philosophy, size, structure, and qualifications with serving not for profit organizations with a similar size and operations.

C. Team Qualifications

Identify the specific partners, managers, and in-charge staff who will be assigned to this engagement if you are successful in your bid. Provide their bios specifying relevant experience to the type of services requested. Also discuss commitments you make to staff continuity, including your staff turnover experience in the last three years.

D. Audit Approach

Describe how your firm will approach the proposed services, including the use of affiliates or staff from other locations, areas that will receive primary emphasis and the type of assistance that will be required from WfWI country staff. Also, discuss the firm's use of technology.

Finally, discuss the communication process used by the firm to discuss issues with management

E. Fees

Please provide a firm estimate of fees for the services to be provided.

F. Client References

Include a list of the relevant not for profit or development clients the firm has served within the past three years and furnished the names and telephone numbers of any references whom we may contact.

G. Additional Information

Please provide a copy of your most recent peer review report. Please provide any additional information, not specifically requested, but which you believe would be useful in evaluating your proposal.

11 Evaluation of Proposals

While price is an important factor, WfWI will evaluate proposals on price and the following criteria:

- Prior experience auditing similar organizations
- Qualifications of staff to be assigned to the engagement
- The firm's understanding of work to be performed
- References

13 Project Key Information

Information about the Grant Contract	
Reference number of the Grant Contract	PO Number PUR1105393
Grant contract title	Resourcing the Movement: Transforming Feminist Funding in Iraq
Country	Iraq
Partner	Women for Women International, Iraq CD, Aram Muradkhan Shakerm Ashakerm@womenforwomen.org
Downstream partners (subgrantees)	13 local subgrantees (Annex 4)
Start date of the implementation period of the project	August 6 th , 2024
End date of the implementation period of the project	March 31 st , 2025
Financial Report(s) subject to verification:	August 8th, 2024, to March 31st, 2025
Total amount received to date by the Partner from Contracting Authority	£661,203
Total amount of the payment request	£974,984
Contracting Authority	
The Government of the United Kingdom of Great Britain and Northern Ireland acting through the Foreign, Commonwealth & Development Office ("FCDO")	Foreign Commonwealth and Development Office UK Integrated Security Fund, Iraq British Embassy Baghdad International Zone Baghdad

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Auditor		
A: Logistics		
Issue	Question	Reply
Location	1. Where do the Partner and downstream partners retain the accounting records?	Sage Intact accounting system, QuickBooks, and Microsoft Excel
	2. Where do the Partner and downstream partners retain the original supporting documents?	Hard copies in the WFWI and subgrantees offices and scanned copy on the cloud
	3. Where were contractual activities carried out?	13 governorates across federal Iraq and the Kurdistan region of Iraq (KRI)
	4. Where are key project staff available to provide information and explanations	WfWI local and head quarter offices
Language	5. Which is the contractual language?	English
	6. Which is the language of the accounting records?	English
	7. Which are the languages of supporting documents?	English, Arabic and Kurdish
	8. Which languages are spoken by key project staff?	English, Arabic and Kurdish

B: Contractual Conditions		
Contract amount	9. What is the total amount of the contract?	£975,000 for the first FCDO financial year 08Apr24-31Mar25
FCDO contribution	10. What is the amount of FCDO contribution?	£975,000
Other contributions	11. Which are the other sources of funding (including the Partner)?	Nil

C. Financial Report (enclosed as Annex 1.1)			
	12. Approximately how many expense transactions have been reported / are expected to be reported in the Financial Report?	Expected up to 850 entries	
	13. What is the distribution of these transactions (e.g. capital expenditure, operating expenditure, fees, simplified costs, per diem, etc.), Are the	Details	Amount £
		Iraq - Activities	£637,655
		Iraq - Staffing and Office	£207,355
		GSC – Staff	£33,755
		UK - Staff	£4,340

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	transactions few/many of large/small value?	GAPS	£39,034
		Indirect costs (maximum 5.419% of subtotal of direct eligible costs of the Action)	£52,835
		Total expenditure as per grant agreement categories	£974,984
	14. To what extent have Project transactions been carried out in cash?	Within the allowed thresholds of WFWI cash policy	
	15. In which currencies has expenditure been incurred?	Iraqi Dinars (IQD), Great Britain Pounds (GBP), and United State Dollars (USD)	
	16. What is the reporting currency?	GBP	
	17. How many other Financial Reports have already been presented by the Partner under this contract?	8 months Financial reports	

14 Annexes

Annex 1 – Risk_Management_Policy

Annex 2 - AUDIT DISCHARGE CERTIFICATION

Annex 3: List of 13 local downstream partners

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