



Annex I

Terms of Reference

for

Call for proposal for the selection of provider for the audit services

Annual Audit of NGO Women's Organizations in Serbia, Montenegro and Bosnia and Herzegovina within project "Stronger Together - Empowering women's organizations and movements" funded by Oak Foundation

Background

A group of 39 women's organizations (associations of citizens, foundations, and networks) located in Serbia (17 organizations), Bosnia and Herzegovina (15 organizations), and Montenegro

(7 organizations) receive funding from various international organizations to support their programs and activities that promote gender equality, women's empowerment and human rights. As part of their grant agreements with the Trag Foundation, these organizations must submit annual financial reports audited by an independent external auditor.

Objectives

This ToR aims to solicit proposals from qualified audit firms with the capacity, experience, and expertise to conduct the annual audit for 2024 of the 39 women's organizations in Serbia, Bosnia and Herzegovina, and Montenegro. Pending the successful annual audit of organizations for the fiscal year 2024, Trag Foundation will extend the contract to include the audit services for the next three fiscal years, 2024-2026. The audit should follow the standards issued by International Federation of Accountants (IFAC), International Standards on Auditing (ISA), International Financial Reporting Standards (IFRS) as well as the relevant laws and regulations of the respective countries.

Scope of Work

The audit firm shall be responsible for conducting an audit of the financial statements of each of the 39 women's organizations, which shall include:

Trag Foundation

Registry No. 17522663, TIN: 103208903

Krunska 47, Belgrade, Serbia

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- A review of the accounting and financial processes and systems as well as process and quality of internal controls of each organization
- A review of the compliance with grant agreements, applicable local laws and regulations and internal policies
- An audit of each organization's financial statements, including the statement of financial position, statement of activities, and statement of cash flows, for the fiscal year ending December 31, 2024.
- A report on the results of the audit, including the auditor's opinion on the correctness of the financial statements as well as findings relating to any material weaknesses or deficiencies in internal controls identified during the audit. The dynamics of the audits and individual deadlines will be agreed upon the audit firm selection.

Deliverables

The audit firm shall provide the following deliverables:

- Before the commencement of the audit, the audit firm will provide an audit plan, including the timeline agreed with respective organizations, audit process and procedures, and a list of audit team key staff for approval.
- A final report, in local languages as well as in English, of the results of the audit, including the auditor's opinion on the correctness of the financial statements as well as findings relating to any material weaknesses or deficiencies in internal controls identified during the audit, is to be submitted to Trag foundation and respective organizations latest by June on the next year from the audited year.
- A management letter addressing any control weaknesses, findings, or opportunities for improvement identified during the audit.

Timeline

The audit of all 39 women's organizations must be concluded by the deadline of June on the next year from the audited year, as per the mutually agreed-upon schedule with each organization.

Qualifications

The audit firm shall have the following qualifications:

- At least seven years of experience in auditing non-profit organizations, verifiable audit of 10 NGOs at least. Familiarity with the financial reporting requirements of the NGO sector with turnover in the range from 10,000.00 -600,000.00 USD
- A team of qualified auditors, including a lead auditor with a relevant professional qualification, such as ACCA or local audit certificate issued by the relevant recognized regulatory body in each country: Serbia, Montenegro and Bosnia and Herzegovina.

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- The team must have partners with signing authority certificates in each country where the organizations are located. A statutory audit has to be signed off by certified auditors registered in the country of audited organization registration.
- Knowledge and understanding of the legal and regulatory environment in Serbia, Montenegro and Bosnia and Herzegovina, as well as the IFAC standards.
- Trag Foundation welcomes bids from international audit firms that may have country branches in two or more of the respective countries and consortiums of local audit firms based in Serbia, Montenegro and Bosnia and Herzegovina. Each consortium member must meet the required qualifications, comply with the same auditing standards, and use the same methodology in all three countries for each audited NGO.
- Experience auditing women's organizations or organizations working on gender equality and women's rights would be an asset.

Proposal Submission

Audit firms interested in this ToR shall submit a proposal that includes the following information:

- Description of the audit firm's experience in auditing that is relevant to this ToR
- Budget: The proposed budget should provide a breakdown of the estimated costs associated with conducting the audit of the 39 women's organizations in Serbia, Montenegro and Bosnia and Herzegovina including but not limited to personnel costs, travel expenses, and other direct costs. The proposed budget should be reasonable and reflect the audit firm's understanding of the scope of work and the resources required to complete the audit promptly and effectively. The proposed budget should also include any additional costs outlined in this ToR.

The Maximum amount is 115,000.00 USD. As part of invitation package to this call Annex II consists the list of the annual budgeted amount and location for all 39 NGOs.

In the initial info session of the selection process, Trag Foundation will provide a roster of organizations along with their yearly budgets eligible for audit.

Confidentiality

The audit firm should ensure the confidentiality of all information obtained during the audit process.



Standards and Ethics

The audit firm shall undertake this engagement in accordance with:

- the IFAC Code of Ethics for Professional Accountants was developed and issued by IFAC's International Ethics Standards Board for Accountants (IESBA), which establishes fundamental ethical principles for Auditors with regard to integrity, objectivity, independence, professional competence and due care,
- ISA 800 (Auditor's Report on Special Purpose Audit Engagements): The audit firm shall comply with ISA 800, which sets out the auditor's responsibilities when reporting on the results of a special purpose audit engagement.
- ISA 805 (Special Considerations - Audits of Single Financial Statements and Specific Elements, Accounts, or Items of a Financial Statement): The audit firm shall also adhere to ISA 805, which provides guidance on special considerations when conducting audits of single financial statements and specific elements, accounts, or items of a financial statement.
- Trag requires that the Auditor is independent of the Beneficiary(ies), complies with the independence requirements of the IFAC Code of Ethics for Professional Accountants and respects the requirements of confidentiality, professional behavior, and technical standards.

Compliance with Gender-sensitive Language and Respect for Diversity

The audit firm is expected to comply with gender-sensitive language and respect for diversity when conducting the audit. This includes using language that is inclusive and respectful of gender identity and expression, sexual orientation, national minorities, and disability status. The audit firm should avoid the use of language that is discriminatory or derogatory towards any marginalized groups.

The audit firm should also ensure its staff members and auditors have a strong awareness and respect for diversity, equality, and inclusion issues and policies. This includes understanding the issues women's organizations face, LGBTQ+ communities, national minorities, and people with disabilities, and taking measures to ensure that the audit process does not exacerbate or perpetuate these issues.

Any violation of this compliance clause may result in the termination of the contract with the audit firm.

Belgrade, 14/05/2024