

**TERMS OF REFERENCE FOR THE AUDIT OF THE FINANCIAL STATEMENTS ISSUED BY
TRANSPARENCY INTERNATIONAL e.V.
FOR THE YEAR ENDING 31 DECEMBER 2021**

Table of Contents

1- Background	2
2- Characteristics of the audit	2
2.1 – Scope of the work	2
2.2 - Qualifications of the Auditor: Expertise	3
2.2 - Qualifications of the Auditor: Independence	3
2.3 – Deadlines	3
3 – Contractual and other matters	3
3.1 – Assessment process	4
3.1 - Proposal	4
3.2 - Contact points	4
Appendix I	5

1- Background

Transparency International is the global civil society organization leading the fight against corruption. Through more than 100 chapters, chapters-in-formation, and contact groups worldwide and an international Secretariat in Berlin, it raises awareness of the damaging effects of corruption and works with partners in government, business, and civil society to develop and implement effective measures to tackle corruption.

Transparency International e.V. (henceforth: TI-S), is an incorporated association registered in Germany, the offices of which form Transparency International Secretariat. TI-S serves a charitable purpose in compliance with its charter. It is recognized by German authorities as exempt from income tax.

On a voluntary basis, TI-S issues annual financial statements, in compliance with International Financial Reporting Standards (IFRS), audited by a reputable accounting firm. TI-S' latest approved Financial Statements can be found [here](#).

TI-S is currently administering a competitive tender process to engage an accounting firm which will conduct the audit of the financial statements for the year ending 31 December 2021.

2- Characteristics of the audit

2.1 – Scope of the work

The scope of the audit is to examine the annual financial statements issued by TI-S and form an opinion on whether they present a true and fair view of its financial position and financial performance, in accordance with IFRS. The financial statements aggregate the accounts of the main entity and two related ones (listed in Appendix I).

Audit procedures are to be carried out in accordance with International Standards on Auditing (ISAs) and final deliverables are expected to be in conformity with the models included therein.

The audit period is 1 January to 31 December of the year 2021. Subject to satisfactory performance in year one the contract may be renewed on a yearly basis for up to five years.

The auditor will conclude their work by issuing:

- an audit report.
- a management letter.

Additionally, the auditor is expected to meet the persons charged with governance –specifically, the Finance and Audit Committee- and report on the results of the audit and any significant finding arising from the procedures performed. The audit process will be conducted fully in English and all deliverables are in English.

TI-S places great value on the external audit to provide insight into the adequacy of the Secretariat's system of internal controls and the management letter should include any recommendation deemed appropriate to improve the internal control environment.

TI-S will give the auditor full access at any time to all records and documents (including books of account, legal agreements, minutes of committee meetings, bank records, invoices, contracts, etc.), and to all employees of the entity as travels and holidays permit. The auditor will have a right to request information from banks, consultants, contractors and other persons or firms engaged by TI-S.

2.2 - Qualifications of the Auditor: Independence

The auditor must abide, at a minimum, with the independence requirements as defined by IFAC and major accountancy bodies (e.g., ACA, ACCA, CIMA). This implies having no interest in the management or finances of the entity being audited. The auditor must not, during the period covered by the audit, nor during the undertaking of the audit, be employed by, serve as director for, or have any financial or close business relationships with any senior participant in the management of the entity.

A list of the entities related to TI-S and of its Board Members is included for reference in Appendix I.

2.2 - Qualifications of the Auditor: Expertise

The auditor must be a member of a national accounting organization which in turn is a member, associate or affiliate of the International Federation of Accountants (IFAC).

The auditor must be knowledgeable of IFRS and experienced in applying ISAs; it must employ staff with appropriate professional qualifications and suitable experience; fieldwork must be performed by a team led by an audit manager, with minimum six years auditing experience and a qualification from a major accountancy body; at any time during the fieldwork, at least one senior auditor, with minimum three years' experience in auditing the accounts of entities of comparable in size and complexity, must be readily available for consultation.

Experience in auditing of International Non-Governmental Organizations, funded through government grants, is an asset.

Existence of an auditor's office in Berlin and ability to perform the audit in close relationship to this office are assets.

All team members conducting fieldwork are to be fluent in English.

2.3 – Deadlines

TI-S plans to finalize its financial statements in early March 2022. The audit fieldwork should begin immediately thereafter, and completion is expected by the end of April 2022. Past audits were conducted smoothly following a similar timeline.

3 – Contractual and other matters

3.1 - Proposal

Applicants will submit a proposal including, at a minimum:

- overview of the accounting firm, including information on its global presence and, more importantly, on its capacity in Berlin.
- confirmation of the understanding of the abovementioned terms of the audit, applicable framework, expected deliverables, deadlines, independence and expertise requirements, and confirmation that these will be met.
- confirmation that the accounting firm abides to ethical and professional standards as defined by major accountancy bodies, and has internal procedures to prevent conflict of interest, fraud, corruption, as well as procedures to ensure an effective quality control on engagements.
- overview of the planned audit approach, including a broad timeline and a general overview of the projected activities.

- CVs of the lead team members, where the following should be highlighted:
 - o Adherence to independence requirements
 - o Professional qualifications
 - o Confirmation of proficiency in written and spoken English.
 - o Confirmation of proficiency in IFRS and ISA
 - o References to experience in auditing international NGOs or other large charities.
- Estimate of the costs to be charged. The estimate shall include detail of the hours necessary to conduct the engagement, by seniority of staff, and the hourly cost of each staff category.

3.2 – Assessment process

Proposals will need to be received by TI-S by 31 July 2021, CoB. A panel of finance specialists will screen the proposals and submit their assessment to the Chief Administrative Officer for review. The Chief Administrative Officer will propose the appointment to the Finance and Audit Committee, who will make a formal recommendation of the preferred applicant to the Board.

Upon appointment, the auditor shall present an Engagement Letter setting out the specifications of the audit in compliance to these Terms of Reference and the Proposal. The engagement will be for one year only; as noted above, subject to satisfactory performance in year one, the contract may run for up to five years. Any deviation from these Terms of Reference should be clearly stated and discussed. Significant deviations might result in a withdrawal of the appointment.

3.3 - Contact points

To ensure the fairness of the process, applicants are requested to contact TI-S, either to request clarifications or to submit their proposals to the attention of Alessandro Giancesini, Head of Finance, at the following address: auditproposals@transparency.org

Appendix I – Board Members and related entities

Related entities:

Friends of Transparency International, registered in Washington, DC, USA. Accounts are fully aggregated in TI-S financial statements. The entity is expected to conduct minimal activities in 2021 and its books are kept in Berlin.

Transparency International Liaison Office to the EU, registered in Brussels, Belgium. Accounts are fully aggregated in TI-S financial statements. The entity runs a budget of ca. €1m per year; its books are kept in Brussels; its financial statements are compiled under IFRS and audited locally.

Board of Directors

Delia Ferreira Rubio	Argentina
Rueben Lifuka	Zambia
A.J. Brown	Australia
David Ondráčka	Czech Republic
Oya Özarslan	Turkey
Alberto Precht Rorris	Chile
François Valérian	France
Linda Ofori-Kwafo	Ghana
Susan Côté-Freeman	Canada
Sawsan Gharaibeh	Jordan
Geo-Sung Kim	South Korea