



**Embassy of Sweden
Lusaka**

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Terms of Reference for Framework Agreement for Audit Services

1. Embassy of Sweden in Lusaka

The Embassy represents and advances Swedish policies, interests and values in political and economic relations, development cooperation, and trade and investment promotion and in cultural and information matters. It provides consular services to Swedish nationals and migration services to non-nationals. The Embassy acts bilaterally, through the European Union (EU) as well as within the United Nations (UN). The Embassy also acts regionally in Sub-Saharan African countries with the SRHR team.

The Embassy in Lusaka is quite unique in its variety of policy areas and activities. This creates opportunities to ensure coherence as well as to utilise and benefit from synergies.

Swedish policies in support of peace, democracy, human rights, security, development and free trade aim at benefiting global as well as Swedish interests. New global challenges, such as climate change, require common solutions and partnerships.

For more information, please see www.swedenabroad.se/Lusaka

2. Framework Agreement for audit services

The Embassy intends to enter into contracts with three (3) audit firms assuming that at least three comply with the requirements stated in the tender dossier. The Embassy aims at concluding the Framework Agreement contracts to apply from 2018-06-01 and remain in force until 2020-05-31, i.e. a period of two years. The contracts may be extended twice with unaltered conditions for a period of twelve months for each extension.

The framework agreement presented here is aimed for audit services when the Embassy is contract holder: The agreements Sweden hold with their

partners grant the Embassy the right to commission special audits of partners, for which the Embassy will be the contracting party. This framework agreement will be used for such audits. Under special circumstances, it could also be an annual financial audit at a partner organization, but still the contract holder would be the Embassy.

Furthermore, in connection with the preparation of possible support to institutions and organisations, the Embassy might also commission an audit on the management systems and a review of internal controls as part of the pre-appraisal. Such pre-award audits form important parts of the assessment and give guidance to the design of the collaboration between the Embassy and the partner organisation. This framework agreement will be used for such audits.

The Embassy will also need advisory services and training sessions.

The framework agreement presented here is not aimed for the annual audit that partners themselves procure and are the contract holders for: The responsibility to have operations audited annually rests with the partner organisation. In all partner agreements it is stated that the project/ programme shall be audited annually. An external, independent and qualified auditor shall carry out the audit in accordance with International Standards issued by IFAC. The contracting partner of the audit firm is in this case not the Embassy. The Embassy approves the ToR and selection of partner's auditors.

It should be noted that the Framework Agreement will not include any guarantees of volume of services to be required/ provided.

3. Objectives

The objectives of the audit services are:

(1) to give the Embassy of Sweden in Zambia the possibility to undertake different types of auditing and related services including financial assurance and non-assurance audits, forensic audits, other audit related services and various types of efficiency audits.

(2) to assist the Embassy and counterpart institutions, authorities and organizations in building internal capacity relating to audit activities.

(3) to assist on an ad-hoc basis in less complicated audit advice that can be given by telephone or e-mail within a day

4. Call-off and availability

For this framework agreement, ranking or renewed competition applies.

a) Call-off according to ranking

In the case of Call-off, which includes up to 150 000 SEK per assignment, calls must be by ranking.

b) Call-off under renewed competition

Call-off exceeding 150 000 SEK per assignment are made in accordance with Chapter 5, Section 7, LOU. The call-off request is made to the suppliers accepted for the assignment.

Availability

The call-off must be confirmed as soon as possible but no later than 2 working days after the order. Thereafter, a work planning with crew will be presented within a maximum of 3 working days.

The consultant will commence the assignment based on what is stated in the respective callouts and assignment description. The assignment must, however, be commenced no later than two weeks after confirmation of the request.

5. Number and type of audits to be undertaken

It is difficult to estimate the total number of assignments to be undertaken annually under this Framework Agreement, but it is expected that it will be approximately 20 per year. Assignments could vary in length and complexity, and may often involve travel within Zambia and sub-Saharan countries. The work to be performed by the auditing firm will include different kind of audits and reviews e.g. procurement audit, management audit, performance audit, forensic audits, special investigations, capacity and efficiency audit, financial audits on the job training for institutions etc. This is further described under "Scope of Work".

6. Scope of Work

Assignments commissioned by the Embassy

The Auditor shall be prepared to and have the capacity to carry out the following main types of assignments:

- a) **Financial Audits** in order to examine the quality of internal controls and to attest to the accuracy and veracity of the financial statements, if they are true and fair. For individual projects, this may include examination of project or programme specific expenditures and financial reports submitted by the partner organisation. Financial audits may be assurance audits or agreed upon procedures according to international standard for related services; ISRS 4400

- b) **Management Audits** in order to examine the quality of the administration of the partner organisation (internal controls, systems for budgeting and accounting, how activities and results are followed up, etc).
- c) **Performance Audits** (Value for Money Audit) is order to examine how well the partner organisation has achieved its goals (goal fulfillment), the relationship between resources used and results (cost efficiency), or how well the results contribute to the impact the organisation wishes to achieve (appropriateness).
- d) **Capacity Studies** in order to examine the partner organisation's capacity with regard to goal fulfillment, planning, administration, monitoring and evaluation, resources etc with a view to determine the quality of the activities pursued by the organisation (covering e.g. staffing, internal controls, routines, etc).
- e) **Compliance Audits** in order to examine whether the partner organisation or project implementer follows legislation, rules, agreements etc.
- f) **Procurement Audits** in order to establish whether procurement processes are in compliance with national legislation and agreements, verification of technical and, physical compliance and price competitiveness of contracts, and review of contract administration and management.
- g) **Efficiency audits** in order to analyse whether the organisation functions by examining routines and systems in the organisation that are intended to guarantee reliability in its activities and reports.
- h) **Pre-appraisal Audits** (Pre-Award Assessment) in order to examine whether the (potential) partner organisation's stability, structure, management capacity and manning, financing and control functions etc are such that the planned activity can be expected to be successfully pursued and that granted funds will be utilized in an accountable and transparent manner.
- i) **Forensic Audits** in order to examine whether there has been misuse of funds or other irregularities.

In conducting financial audits initiated by the Embassy the Auditor shall apply international standards issued by IAASB (The International Auditing and Assurance Board).

In some assignments, a combination of different approaches and audits may be required.

B. Internal/external Capacity Building and Support

The Auditor may be requested to provide training and advice for Embassy

staff as well as counterparts.

7. Reporting

A soft copy of the draft report of a concluded assignment shall be submitted to the Embassy within a time frame specified in the separate call-off order. Within two weeks of receiving comments on the draft report, a final version of the report shall be submitted in two copies and a soft copy to the Embassy. Reporting language will be English. The framework holder shall have internal quality assurance systems to assure that report delivered to the Embassy follows the terms of reference agreed upon for the assignment.

The auditor shall present the major findings of the report in a meeting with the Embassy, and, if so agreed, with the concerned organisation.

If requested by the Embassy, there should also be a yearly meeting between the Embassy and the auditor.

8. Profile of the consultants and staffing requirements

In order to be able to carry out the different types of audits relevant manning has to be made in accordance with the specific ToR for each assignment.

The staff proposed by the Consultant as Senior Consultants for the specific audit assignments shall possess relevant degrees or equivalent theoretical and practical qualifications in relation to experience of assignments within the field of auditing. The Junior/Assistant Consultants can be less experienced. Concerning financial audit assignments the Consultant shall appoint an authorized public accountant or chartered accountant with competence to perform audits in accordance with international standards issued by IAASB (The International Auditing and Assurance Board).

The Invitation to tender gives more specific information on the requirements for the consulting firm as well as for the consultants.