Reference no.: **UM2023/02835/Pretoria**

**Pretoria Date: 2023-10-06**

**Terms of Reference**

**Framework Agreement of Audit and Financial Services**

**Background about the Embassy of Sweden in South Africa**

The Embassy of Sweden in Pretoria through its development cooperation has the main objective of SRHR (Sexual and Reproductive Health and Rights) in South Africa and across the African continent. The new strategy is 2022 to 2026. Our budget is approximately 700 million SEK (around 70 million USD) per year, which is invested in various projects. A hub för democracy/human rights is based at embassy working regionally without any delegation of funds.

Our portfolio consists of current and planned projects are spread across the continent in countries such as South Africa, Zimbabwe, Zambia, DRC, Uganda, Tanzania, South Sudan, Mali, Senegal, Nigeria, among others. Nord African countries are not a part of our strategy. Details on the specific projects and countries shall be provided during Call-Off requests for proposal.

**Objectives of the Framework Agreement for Audit and Financial Services**

**Objectives**

The major objectives of the framework agreement and embed services are to:

1. Give the Embassy the possibility to undertake different types of project related risk management, auditing and related services including financial assurance and non-assurance audits, other audit related services and various types of efficiency audits.
2. Assist the Embassy and counterpart institutions, authorities and organizations in building internal capacity relating to audit activities.
3. Assist on an ad-hoc basis in less complicated audit advice that can be given by telephone or e-mail within a day.
4. Conduct Rolling Audit support for large and complex program to assist the Embassy in management programmatic and financial risk.
5. Conduct forensic/investigative audits, which can be requested on short notice

**Scope:**

**Capacity and Internal Control Assessment:** When entering into new agreements with new and existing partners, we always do an assessment of the partner’s capacity to safeguard our funds and reach intended results. This is the reason why the framework agreement covers capacity and internal control assessment reviews on implementing partners.

**Other Risk Management Assessments:** During the program implementation, we at times also identify needs for an internal control assessment, value for money audit, spot checks such as expenditure verifications, efficiency and/or compliance audits, third party monitoring (results verification) and program evaluation services among other services. Some of these services are guided by standard terms of reference while some services may vary in scope depending on the need and the matter at hand. These services are included in the scope of the framework agreement.

**Procurement Audit**

Some of our partners, mostly working with the private sector on supplying goods/services, are used to conduct several huge procurements. Procurement is a risky and corruption painted area. As risks mitigation measure, could the embassy, in few cases in the programs/projects tailor a “No-Objection” condition in the agreement for a threshold on the procurement plan of our partners. A need of reviewing procurement processes and advice on “No-objection” could also be actual for the Embassy. Procurement is also included in the scope of services for this framework agreement.

**Investigations and Forensic Services:** Unfortunately, there is also a need to conduct forensic/investigative audits when we suspect that funds have been misused. Since this is a special type of audit, the forensic services and related services such as expert witness services is also included in the scope of services for this framework agreement.

**Rolling Audit Services:** For larger programs that required continuous support, we put in place a Rolling Audit arrangement intended to assist the implementation team to safeguard our funds and reach the intended objectives while also building the capacity of the implementation team for sustainability.

**ISA 800 Financial Audits:** In most cases our agreements stipulate that the partner is responsible to procure an annual ISA800/805 audit of the project. This is normally procured by the partner that we have an agreement with. This is the reason why this framework agreement will mainly be used for other services as described above. However, at times, for example if we have a situation where irregularities have been conducted, we procure the financial audit ourselves, why this framework agreements need to also include these kinds of audits.

**Accounting and Risk Management Technical Support:** The Embassy analyses all financial ISA audits submitted by partners and give a no objection, both of reports and of Terms of Refences (ToRs) before the audit starts. At times there are audit/accounting questions that arise where quick answers are needed. This framework agreement will therefore include one call-off that serves as a “help desk” function, where the Embassy can ask questions that are answered within 24 hours, either through email or telephone.

**Capacity Building Services:** We continuously work with capacity building of our partners in order to properly analyze audit reports, conduct ToR, understand financial management responsibilities and how to set up a sufficient internal control environment to properly safeguard our funds, how to detect and prevent fraud etc. For this reason, we want our partners within this framework agreement to be able to deliver capacity building services for financial management/internal control matters, including training of Board members on their responsibilities regarding to financial/fraud awareness matters.

For the above scope, we are procuring an accounting and advisory firm which should have a Certified Public Accountant practice to provide Audit Services on a framework basis. The types of assignments which the Firm will be requested to undertake are described further below in these Terms of Reference.

**Type of framework**

A framework agreement will be put in place with not more than **three (3)** firms with the following structure:

Coverage: The firm shall have capacity to service all countries across the continent where we have projects. These countries are the Whole African countries exclude the Maghreb countries.

We expect to have one overall contact person for the framework agreement (lead consultant), who will be assisted by key contact persons in regions and countries as below.

* + Lead consultant
  + Contact person for Francophone Countries
  + Contact person for Anglophone
  + Contact person for South Africa
* Therefore, we expect the delivery team to be organized accordingly.

**Method of Call-Off**

* For assignments of maximum 160 working hours a ranked procedure will be used
* For assignments that exceed 160 working hours a renewed competition procedure will be used
* For investigations and forensic procedures, single sourcing may apply depending on the nature of work and prevailing circumstances.

**Duration:** The agreement period is **Two** years with a possibility to be extended twice with unaltered conditions for a period of twelve months for each extension.

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

### Ranked framework agreement

For assignments of maximum 160 working hours, the ranking order from the procurement evaluation is valid, where the supplier that is ranked number one will be called off first. The respective supplier shall always inform the Embassy if they do not have the capacity to offer the requested service or resource.

The supplier should inform the Embassy if there could be a possible conflict of interest with other assignments.

The assignment will be specified in a Terms of Reference specific for that assignment including competence level as well as start and end time for the assignment.

If the ranked number one supplier cannot not offer the requested services; the Embassy will contact the second supplier in the ranked order etc.

If the supplier does not submit their final report in accordance to the agreed submission date or in any other way does not adhere to deliver as in accordance with the Terms of Reference for each call off, provided that it is the fault of the supplier, the Embassy of Sweden is permitted to give one subsequent call off to the next supplier in rank. If a supplier under the framework agreement consistently does not deliver as in accordance with ToR, the Embassy of Sweden reserves the right to terminate the agreement with the supplier.

### Framework agreement with renewed competition (Call-Off)

For assignments exceeding 160 hours, the call-off can be viewed as a “mini procurement”. The Embassy will send a call-off request to all tenderers under the framework agreement. The request is based on template (Call-off Renewed Competitive Tender), stating background of assignment, its objective, content, consultant qualifications sought, timetable, form of reporting etc. The supplier undertakes to answer the request within the time limits specified in the request. The supplier should inform the Embassy if there could be a possible conflict of interest with other assignments.

The Embassy shall award the assignment to the tender that is most economically advantageous as in accordance with the specified criteria. An example is shown in template (Call-off Renewed Competitive Tender).

### Number of audits and working conditions

### The extent of the services to be performed cannot be defined as the Auditor is expected to provide the services as and when required under the framework agreements. Audits will vary in length and complexity, and they may involve travel within the country where the project is based. The framework agreement does not include and guarantees of volume of services.

### Profile of the consultants and staffing requirements

In order to be able to carry out the different types of audits relevant manning must be made in accordance with the specific ToR for each assignment as well as in accordance with the procurement document for this specific framework agreement.

The procurement document gives more specific information on the requirements for the supplier as well as for the consultants.

**Conflict of Interest**

The supplier will be awarded the assignment provided there is no conflict of interest.

Consultants shall provide professional, objective, and impartial advice and at all times hold the Client’s interest’s paramount, without any consideration for future works, and strictly avoid conflicts with other assignments or their own corporate interests. Consultants or any of their affiliates shall not be engaged for any assignment which, by its nature, may in conflict with another assignment of the consultant.