



Embassy of Sweden  
Lusaka

Appendix 1

Reference no.:

UM2022/11612/LUSA

Date

June 2022

## **Terms of reference – Framework Agreement for Audit Services, Embassy of Sweden in Lusaka**

### **1 Embassy of Sweden in Lusaka**

The overall mission of the Embassy of Sweden in Lusaka is to strengthen and build on the relationship between Sweden and Zambia, through political dialogue, development cooperation, trade promotion and cultural exchange. The Embassy acts bilaterally, through the European Union (EU) as well as within the United Nations (UN).

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](http://www.swedenabroad.se/Lusaka)

### **2 Framework Agreement for Audit Services**

The Embassy intends to enter contracts with three (3) audit firms assuming that at least three comply with the requirements stated in the Procurement Document. The Embassy aims at concluding the Framework Agreement to apply from 1 August 2022 and remain in force until 31 July 2024, 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.

### 3 Purpose and background to the assignment

The section for bilateral development cooperation with Zambia at the Embassy of Sweden in Lusaka has currently a portfolio of approximately 40 projects with an approximate budget of 450 MSEK per year. The annual budget is split in different areas which include human rights and democracy, health, economic development, renewable energy, environment and climate.

The Swedish Government intends to decide on a new Strategy for Sweden's Development Cooperation with Zambia to replace the current strategy that expires in 2022. The proposed Strategy Objectives remain within in the areas of the current strategy.

The framework agreement presented here is aimed for audit services where the Embassy is contract holder: The agreements Sweden hold with their partner organisations grant the Embassy the right to commission special audits of partners, such as value for money audits, expenditure verifications, efficiency audits etc, for which the Embassy will be the contracting party. These framework agreements will be used for such audits. Under special circumstances, it could also be an annual financial audit at a partner organization, where the Embassy then is the contract holder.

Furthermore, in connection with the preparation of possible support to institutions and organizations, the Embassy might also commission pre award audits, capacity studies or internal control reviews. 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.

In suspicion of embezzlement and other corrupt practices, the Embassy need to call for investigative reviews and forensic audits on short notice.

In addition, the Embassy may conduct post award organisational assessments and capacity building of Embassy staff and cooperation partners.

The Embassy also wants the framework agreements to include the possibility to call off advisory services and training sessions with Embassy staff and partner organisations.

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

## 4 Objectives

The major objectives of the audit services are:

- (1) to give the Embassy of Sweden in Lusaka the possibility to undertake different types of audits and related services including financial assurance and non-assurance audits, other audit related services and various types of efficiency audits. This could also include certain investigative review aspects, especially when conducting spot checks.
- (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) to conduct forensic/investigative audits, which can be requested on short notice.

## 5 Call-off and availability

For this framework agreement, a combination of a fixed ranking system and renewed competitive tendering applies.

For each call-off, the Embassy of Sweden in Lusaka shall prepare a call-off inquiry and Terms of Reference, which e.g. states the assignment background, purpose, content, timetable, reporting format, information on the assignment's ceiling amount for fees and reimbursable expenses.

The Supplier shall thereafter submit a call-off response, including a ceiling budget broken down into fees and reimbursable expenses.

The services that the Supplier shall perform according to the Embassy's call-off are referred to as "the Assignment" below.

The supplier undertakes to answer the request within the time limits specified in the request.

The supplier shall always inform the Embassy if they do not have the possibility to offer the requested service or resource.

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

### **5.1 Fixed ranking system**

For assignments of maximum 160 working hours and for forensic audits and investigative reviews, the ranking order from the procurement evaluation is valid, where the supplier that is ranked number one will be called off first.

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 does not respond within two (2) working days or if the supplier declines to accept the assignment, the inquiry will be sent to the next supplier in the ranking. The requirements in the call-off inquiry may not be changed when moving on to the next supplier in rank.

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.

### **5.2 Framework agreement with renewed competition**

For assignments exceeding 160 working hours, renewed competition shall apply. The Embassy will send a call-off inquiry to all suppliers contracted with a framework agreement. The request is based on template in Appendix 11 (Call-off Renewed Competitive Tender), stating background of assignment, its objective, content, consultant qualifications sought, timetable, form of reporting etc.

The Embassy shall award the assignment to the tender that is most economically advantageous (best ratio between price and quality). Award criteria to be assessed at renewed competitive tendering include, for example:

- Competences and qualifications
- Project organisation
- Method
- Time line and work plan
- Price

The supplier will be awarded the assignment provided there is no conflict of interest.<sup>1</sup>

A 10-days standstill period applies. The standstill period is calculated from and including the day after the notification of the award decision has been sent electronically.

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

## 6 Number and type of audits to be undertaken

The work to be performed by the supplier will include different kinds of audits, reviews and trainings for Embassy staff and Embassy grant partners. Different types of assignments are described under 7 Scope of Work.

The number of call offs during one year will vary and are estimated to 10-15 call-offs per year.

The work will vary in length and complexity and may involve travel within Zambia.

## 7 Scope of Work

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

### 7.1 Audits, reviews, assessments without assurance

- ***Pre-Award Assessments*** in order to examine whether a (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.
- ***Efficiency Audits*** in order to analyse a partner organisation's functions by examining routines and systems in the organisation that are intended to

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<sup>1</sup> 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 be in conflict with another assignment of the consultant.

guarantee reliability in its activities and reports. These would also include reviews during a co-operation; or follow-up of previously conducted reviews as appropriate.

- ***Agreed upon procedures*** regarding financial information according to International Standard on Related Services; ISRS 4400.
- ***Forensic Audits*** in cases where there are suspicions of corruption and/or other irregularities.
- ***Procurement Audits*** to establish whether procurement processes are in compliance with agreements, procurement regulations and national legislation, verification of technical and physical compliance and price competitiveness of contracts, and review of contract administration and management.
- ***Performance Audits*** (Value for Money Audits) in order to examine how well the partner organization 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 organization wishes to achieve (appropriateness).
- ***Consultancy reviews***, i.e. reviews (if applicable) of existing auditor reports/reviews and related reports/assessments.
- ***Spot checks*** including expenditure verification of grant partners and/or subgrantees. This could include the need for investigative competencies/perspectives as well. ***Compliance Audits*** in order to examine whether the partner organisation or project implementer follows legislation, rules, agreements etc.
- ***IT audits***, i.e. the examination and evaluation of an organization's information technology infrastructure, policies, and operations so as to determine whether IT controls protect corporate assets and ensure data integrity.
- ***Other***

## 7.2 Financial audit with assurance

These are audits performed according to international standards that result in an audit opinion on whether the financial reporting is accurate and in accordance with the approved budget. The audit is based on an analysis of risk and materiality. The auditor is expected to provide an Independent auditor's report and a Management letter.

## 7.3 Other Assignments

- ***Internal/External Capacity Building and Support*** The Supplier may be requested to provide training and advice for Embassy staff and agreement partners.
- ***Advisory assignments***

Assignments can consist of a combination of the above-mentioned types.

## **8 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 inquiry.

Reporting language will be English.

All draft reports shall be submitted in Word for easy review.

Within two weeks of receiving comments on a draft report, a final version of the report shall be submitted in two copies and one soft copy to the Embassy.

The supplier shall have internal quality assurance systems to assure that reports delivered to the Embassy follow the terms of reference agreed upon for the assignment.

The supplier 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 supplier.

## **9 Profile of the consultants and staffing requirements**

In order to be able to carry out the different types of audits/assignments relevant manning has to be made in accordance with the specific Terms of Reference for each assignment as well as in accordance with the Procurement Document for this specific Framework Agreement.

The staff proposed by the Supplier 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 Procurement Document gives more specific information on the requirements for the consulting firm as well as for the consultants.