



Terms of Reference for Framework Agreement for Audit Services

1 BACKGROUND

1.1 Information about the Embassy of Sweden in Maputo and the Swedish Development Cooperation.

The long-term objective of the development co-operation financed by Sweden is to contribute to poverty reduction. Sweden's development cooperation resources are funded through Swedish tax revenue. The Swedish parliament makes decisions regarding the state budget, which includes the funds allocated to international aid. Sweden's government agency for development cooperation is the Swedish International Development Cooperation Agency (Sida).

The Strategy for Sweden's development cooperation for Mozambique (at present 2022-2026) is set by the Swedish government. The contracting part is the Embassy of Sweden in Maputo. The yearly budget for development and research cooperation in Mozambique amounts to approximately 65 MUSD for Sweden. Grant agreements for Sweden's development cooperation contributions in Mozambique are signed with partners such as NGOs, Universities, Government agencies and international bodies like UN agencies and the World Bank.

Besides internal control and aid efficiency, the fight against corruption within the Swedish Development Cooperation is one of the top priorities. The Embassy and Sida investigate all suspicions of corruption or irregularities and always take action whenever necessary. Important tools in

Sweden's anti-corruption work are transparency, partnership, dialogue, monitoring, audits and forensic investigations.

For more information, please see www.sida.se and www.swedenabroad.se/maputo/

1.2 Audit of Projects and Programmes

The responsibility to have operations audited rests with the partner organisation. In all project and programme agreements it is stated that the project/programme shall be audited annually. An external, independent and qualified auditor shall carry out the audit.

In addition to the audits agreed upon with partner organisations, the agreements will grant the Embassy the right to commission audits and reviews for which the Embassy will be the contracting party. These could be in the form of standard audits and/or agreed upon procedures to carry out spot-checks of particular spending units or expenditure, investigative reviews in case of suspicion of corruption. In connection with the preparation of possible support to institutions and organisations, the Embassy might also commission an audit on the management systems and internal controls as part of the pre-appraisal of a possible contribution to institutions and organisations. 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 order to support the Embassy in Maputo in undertaking audits, the Embassy has decided to procure a Framework Agreement with three companies, for rendering audit services on a call-off basis. For each call-off a separate Terms of Reference will be presented and agreed upon in accordance with the specific requirements within the specific project or programme.

The Embassy may also call-off advisory services and training sessions. This would generally include both the Embassy staff and the staff of our partner organisations. See further 2.2

1.3 Number and type of audits to be undertaken

It is difficult to estimate the total number of audits to be undertaken annually under this Framework Agreement, but it is expected that it will be

in total 5-10 per year. Audits could vary in length and complexity and may often involve travel within Mozambique and in the region. The work to be performed by the auditing firm will include other tasks than traditional financial auditing of projects and programmes, e.g. procurement audit, management audit, performance audit, capacity and systems audit, on the job training for cooperation partners etc. This is further described below under “Scope of Work”. It should be noted that the Framework Agreement will not include any guarantees of volume of services to be required/ provided.

2 SCOPE OF ASSIGNMENTS

2.1 OBJECTIVES

The objectives of the audit services are:

(1) to undertake relevant audits of projects and programmes in a timely and professional manner in order to safeguard the use of the donor government funding, prevent, detect and investigate corruption cases, and ensure an efficient implementation of projects and programmes;

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

2.2 SCOPE OF WORK

2.2.1 Duties of the Auditor.

A. 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. The Audits are based on International Standards of Audit as well as Agreed upon procedures.

b) Efficiency Audits in order to review of whether the organisation has the capacity, resources and competence to achieve its goals

and whether the financial management is sound. This includes areas such as human resources, recruitment processes, management structure, governing documents such as visions and strategies, internal control, etc. The efficiency audit involves an organisational analysis that is based on a broad review and assessment of the core functions of an organisation. The analysis shall lead to an assessment of the systems with recommendations and suggestions for improvements, where applicable. An efficiency audit is usually commissioned after the implementation has commenced.

c) Review Audits in order to review area like for example management and organization, risk management, anti-corruption, audit, procurement, financial management mainly on the management of Sida funds. The Review of Internal Control may for instance be used as a part of Sidas' Pre-Award Assessment in order to examine whether the (potential) partner organisation's planned activity can be expected to be successfully pursued and that granted funds will be utilized in an accountable and transparent manner.

d) Procurement Audits in order to review the procurement procedures and compliance to procurement regulations and eventual other documentation guiding the procurement processes. Areas of review are for example contracting, contract management, administration processes, etc.

e) Investigative and Forensic Audits in order to investigate if funds within the Swedish development cooperation are affected by irregular or fraudulent activities, and to establish any breach of the agreement, misuse of funds, use of eligible costs etc. The approach to any forensic audit must be such that if fraud is detected, appropriate disciplinary and legal action will be considered by the Embassy and Sida. Any evidence of corruption and other supporting papers shall be in an appropriate format from the Consultant for use by the appropriate authorities.

f) Other types of audit related services as part of the Embassy's financial monitoring, including spot checks of spending units, physical checks of assets and infrastructures, expenditure verification, and review of forwarding of funds mechanisms.

g) Assist on an ad-hoc basis in less complicated audit advice that can be given by telephone or e-mail within 24 hours.

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

B. Internal/external Capacity Building and Advisory services

Whereas the Embassy may initiate certain audits, it also receives a number of audit reports from its development co-operation partners as well as investigative reports in the case of suspicion of corruption. With respect to such audit reports, the scope of work will include providing expert advice to Embassy staff in assessing reports, drawing conclusions from reports and proposing actions to be taken.