



**Embassy of Sweden  
Kinshasa**

## **Terms of Reference for Framework Agreement for Audit Services**

### **1 BACKGROUND**

#### **1.1 Information about the Swedish Embassy in Kinshasa and the Swedish Development Cooperation**

The long-term objective of the development co-operation financed by Sweden is to contribute to poverty reduction. The contracting part is the Swedish Embassy in Kinshasa. The yearly budget for development and humanitarian assistance to DR Kongo amounts to approximately 65 MUSD. For more information, please see [www.sida.se](http://www.sida.se) and [www.swedenabroad/sv/utlandsmyndigheter/d.r-kongo-kinshasa/](http://www.swedenabroad/sv/utlandsmyndigheter/d.r-kongo-kinshasa/).

#### **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 special audits, for which the Embassy will be the contracting party.

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 Kinshasa in undertaking the special audits, the Embassy have decided to procure a Framework Agreement with at least two companies for rendering audit services on 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 each project or programme.

The Embassy will also need advisory services and training sessions. This could include both the Embassy staff and the staff of our partner organisations. See further 3.1.B.

### **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 4-6 per year. Audits could vary in length and complexity and may often involve travel within DR Congo 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 institutions 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 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 corruption 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.

## **3 SCOPE OF WORK**

### **3.1 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.
- b) **Management Audits** in order to examine the quality of the admini-

stration 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 organization capacity regarding 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) **Systems audit** 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 some assignments, a combination of different approaches and audits may be required.

In conducting audits initiated by the Embassy the Auditor shall apply internationally recognized standards.

It may be noted that there is an ongoing effort to harmonize and co-ordinate support provided by external partners. The arrangements for co-ordination will take different forms depending on the project/programme to be supported. Sweden may take on the role as Lead Donor for each project/program and, in such cases; the financial audit would also cover

funds provided by other co-operating partners.

#### B. Internal/external Capacity Building and Support

Whereas the Embassy may initiate certain audits, it also receives a number of audit reports from its development co-operation partners. With respect to such audit reports, the scope of work will include assisting Embassy staff in assessing reports, assistance in drawing conclusions from audit reports and determining actions to be taken. The Auditor may be requested to provide training and advice on audits for Embassy staff as well as counterparts. Advisory services in the design of Terms of Reference for audits may also be included.

### **4 COMMISSIONING OF AUDITS, REPORTING AND DOCUMENTATION**

For each call-off, the Embassy will send a draft term of reference to the supplier ranked as number one (1) within the Framework Agreement. The ToR will contain information on objectives of the audit, time schedule, specific audit guidelines, required expertise and number of man hours and other particulars. The Auditor shall then send a call-off response to the Embassy, specifying proposed personnel, approach and budget for the assignment.

If the Embassy or the Auditor finds that there is a conflict of interest to undertake the Assignment, the Assignment may be moved on to the next Consultant in ranked order. Subsequent to every audit, reports in English or French shall be submitted to the Embassy and to the auditee unless special circumstances require otherwise.

A soft copy of the draft report shall be submitted to the Embassy within 30 days after the assignment has been carried out. Within two weeks of receiving comments on the draft report, a final version of the report shall be submitted in three copies and a soft copy to the Embassy and, unless otherwise agreed, to the concerned organisation.

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

On a yearly basis the auditor shall provide a report to the Embassy summarizing the major general findings from the various audits undertaken, as well as summarize training, advice and other support provided to the Embassy. This is to give the Embassy an overview of common features. If requested by the Embassy, there should also be a yearly meeting between the Embassy and the auditor.

## **5 PROFILE OF THE CONSULTANT FIRM AND STAFFING REQUIREMENTS**

### **5.1 Compulsory**

In order to be able to carry out the different types of audits, relevant manning shall be made in accordance with the specific ToR for each assignment. Concerning financial audit assignments, the Consultant *shall always* appoint an authorized public accountant in accordance with international standards.