



Letter of Invitation

January 12, 2023

Dear Sir/Madam,

Following your successful submission of the Expression of Interest (EOI) number AUD/SNVZW/011223/001, we hereby invite you as a prospective audit firm to submit a Proposal to supply auditing services for SNV Zimbabwe.

SNV intends to enter into a contract for these services with the winning bidder.

Your proposals are due to SNV no later than 21 January 2024, 23:59. Late bids will be disqualified. Bids must be submitted to [zimbabweprocurement@snv.org](mailto:zimbabweprocurement@snv.org)

In the attached package, you will find:

- Instructions to Bidders
- The Terms of Reference

We look forward to receiving your proposal!

Kind regards,

Ivy Choto

Human Resources and Operations Manager

## Instruction to Bidders

This is an open call to submit proposals and prospective consultants are requested to acknowledge receipt of this ITB and to inform SNV if they intend to bid.

### Brief description of the assignment:

SNV is a not-for-profit international development organization that applies practical know-how to make a lasting difference in the lives of people living in poverty. We use our extensive and long-term in-country presence to apply and adapt our top-notch expertise in agriculture, energy, and WASH to local contexts. SNV has over 1250 staff in more than 25 countries in Asia, Africa, and Latin America. We are proud to be a not-for-profit organization that uses project financing to implement our mission. This requires us to work efficiently and to invest in operational excellence. In its new Strategic Plan period (2019 – 2022), SNV will more explicitly aim for systems change during project preparation and implementation - by strengthening institutions and kick-starting markets that help many more to escape poverty beyond our projects. We will continue to position ourselves as a premium organization and invest in making knowledge flow to and from the frontline.

The call is for external auditing of the SNV five projects which include.

- OYE Sida Project – From 1 January 2023 to 30 April 2023
- OYE SDC Project – From 1 January 2023 to 31 December 2023
- ICRM Project funded by WFP - From 1 January 2023 to 31 December 2023
- Zambuko Project - From 25 June 2023 to 25 October 2023, then 15 November 2023 to 31 December 2022
- OYE SDC regional Project - From 1 January 2023 to 31 December 2023
- UNOPS Project – From 20 November 2023 to 31 December 2023

All work is anticipated to commence on 29 January 2024.

### Proposal Format

Bidders are free to use their own format for the technical and financial proposals. Both must be entirely separate and there may be no financial data included in the technical proposal. Financial proposals must be submitted in Euro. All payments will be made by SNV in Euro.

### Contact Points

If bidders have any questions, they must be addressed to [zimbabweprocurement@snv.org](mailto:zimbabweprocurement@snv.org). Answers will be shared with all bidders by *within 24 hours of the enquiry*.

### Selection Process

Technical and financial proposals will be reviewed separately. Only those Technical proposals that pass the minimum score of 70% will move forward for financial review. The reviews are a closed process and not open to the public.

The Technical scores will be awarded as follows:

	<b>Criteria</b>	<b>Maximum score</b>
1	Qualifications and experience of the audit team– see bidde profile section for key criteria needed	25
2	Methodology proposed and demonstrated understanding of the ToR shown by the Technical Proposal submitted	50
3	Past performance – provide three references from past performance working with similar donors to SNV	15
6	Realistic timeline	10
	<b>TOTAL</b>	<b>100</b>

Technical Scores are weighted at 70%. Financial scores are weighted at 30%.

Financial evaluation will be conducted for those proposals passing the technical evaluation. The lowest price is awarded maximum points and all other bidders are ranked beside the lowest bid on the following basis:

$$\frac{\text{Bidders Cost} - \text{Lowest Cost}}{\text{Bidders Cost}} * 100 = \text{Deduction}$$

$$100 - \text{Deduction} = \text{Bidders score}$$

Your Financial proposal shall include a statement indicating (i) whether or not your contract and personnel shall be tax-free or not; and if not, (ii) show separately what the tax burden will be.

Negotiations with the winning bidder will be restricted to the ToR and work plan.

### **Key Experts**

It is estimated that a total 20 person days will be required by the group of key experts. Experts listed in the proposal must be available for the assignment.

The proposal must be valid for a period of 3 months during which bidders shall undertake to maintain, without change, the proposed key experts, and shall hold to both the proposed rates and total price.

### **Data protection**

SNV will maintain this proposal submission as part of its records for the purposes of evaluation and record keeping for a period of 7 years. Data will be maintained secured both electronically and in hard copy and only used for SNV programming purposes. It will not be shared outside of SNV.

### **Proposal Submission**

Proposal must be received at [zimbabweprocurement@snv.org](mailto:zimbabweprocurement@snv.org) by 23:59 on 21 January 2024. Proposals must be submitted in two separate emails – one containing the Technical Proposal and a separate one containing the Financial Proposal. Emails must be titled in the subject line as follows:

AUD/SNVZW/011223/001 Technical Proposal Name of Bidder

AUD/SNVZW/011223/001 Financial Proposal Name of Bidder

# Terms of Reference

**Position** External Audit

**Timeline** February 2024 to 20 March 2024

	<b>Location</b>	Harare
<b>Project</b> All Active	<b>No. of days</b>	33 business days

## Background

SNV is a not-for-profit international development organization that applies practical know-how to make a lasting difference in the lives of people living in poverty. We use our extensive and long-term in-country presence to apply and adapt our top-notch expertise in agriculture, energy, and WASH to local contexts. SNV has over 1250 staff in more than 25 countries in Asia, Africa, and Latin America. We are proud to be a not-for-profit organization that uses project financing to implement our mission. This requires us to work efficiently and to invest in operational excellence. In its new Strategic Plan period (2019 – 2022), SNV will more explicitly aim for systems change during project preparation and implementation - by strengthening institutions and kick-starting markets that help many more to escape poverty beyond our projects. We will continue to position ourselves as a premium organization and invest in making knowledge flow to and from the frontline.

For more information on SNV, visit our website: [www.snv.org](http://www.snv.org)

## Scope of Work

### FINANCIAL AUDIT

SNV is seeking an external auditor to carry out the following audits:

- (i) SNV Zimbabwe Corporate financial statements (i.e., the consolidated annual statutory statements which combines all the 6 projects that were in place in the 2023 financial year (1 January 2023 to 31 December 2023). The five (5) projects in place during the year were:
  - OYE Sida Project – From 1 January 2023 to 30 April 2023
  - OYE SDC Project – From 1 January 2023 to 31 December 2023
  - ICRM Project funded by WFP - From 1 January 2023 to 31 December 2023
  - Zambuko Project - From 25 June 2023 to 25 October 2023, then 15 November 2023 to 31 December 2023
  - OYE SDC regional Project - From 1 January 2023 to 31 December 2023
  - UNOPS Project – From 20 November 2023 to 31 December 2023

Please note the statutory audit has all the above projects on trial balance, and will have them audited as such (that is one entity)

- (ii) The Consolidated OYE Project to be reported to the SDC (Swiss Development Cooperation).

The Consolidated OYE Project for the period 1 January 2023 to 31 December 2023 consists of funds from the SDC (Swiss Development Cooperation) channelled through 3 distinct projects namely:

- a) Zimbabwe OYE Project (SDC funded) – 1 January to 31 December 2023 – Approximately USD370,000
- b) Zambia OYE Project (SDC funded) – 1 January to 31 December 2023- Approximately USD 360,000
- c) Zimbabwe OYE Regional Project (SDC funded)- Approximately USD258,000 – 1 January to 31 December 2023, plus other Projects funded by other donors namely:
- d) Zambia INCREASE Project funded by Sida Zambia- – 1 January to 31 December 2023 –

- approximately EUR2 million
- e) Zimbabwe OYE Project funded by Sida – 1 January to 30 April 2023 - USD 276,000

The consolidated Project will have these 5 trial balances audited and reported in one consolidated report to the SDC.

The Consolidated Audit will be guided by terms of reference from the SDC.

- (iii) The Sida Zambia INCREASE project specific audit with expenditure of EUR 2 million for the period 1 January 20223 to 31 December 2023

The Zambia INCREASE Project will have a separate set of financial statements and an audit opinion reported to Sida Zambia. It will have Terms of Reference guiding the audit for the purpose of reporting Sida Zambia.

The Financial Information of the project/program shall be audited in accordance with International Standards on Auditing (ISA 805) "Special Considerations Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement" and

### **1. Fundamental principles**

- The financial audit of projects ("financial audit") is to be carried out by an independent auditor ("the auditor"), having the required professional competence and experience (e.g., Certification by National Audit Oversight Authority), and in accordance with International Standards on Auditing (ISA).
- These Terms of Reference ("TOR") define the mandate of the auditor in connection with the financial audit of projects/programs of the cooperation partner, financed by SIDA and the Federal Department of Foreign Affairs (FDFA). The financial audit is based on the professional requirements and guidelines governing the professional work to be undertaken by an auditor.
- In planning, conducting and reporting on the financial audit, the auditor has to follow the ISA 805.

In addition, the relevant standards of the local accounting profession as well as the local legislation on accounting and reporting in force in the country in which the financial audit is carried out need to be taken into consideration by the auditor.

### **2. Overall principles of the procedures to be performed**

The auditor is required to plan, execute and report on the financial audit engagement in order to conclude on the following matter:

#### **2.1 Principles of orderliness (financial regularity/reporting)**

Furthermore, the auditor is required to assess whether the partner has adequate policies and procedures in place relating to the following matters (those matters are not covered by the audit engagement in accordance with ISA as mentioned above):

#### **2.2 Existence, adequacy and effectiveness of the Internal Control System (ICS)**

#### **2.3 Conformity with the project objectives and adherence to the contract conditions**

#### **2.4 Economical conduct of business and effective use of financial resources**

In order to respect these principles, the auditor has to analyse the questions mentioned in the annexed Questionnaire (Annex 1). While item 2.1 will be reflected in the audit report prepared in accordance with ISA, items 2.2 to 2.4 will be reflected by the answers of the auditor to the Questionnaire in the Annex 1. Recommendations to the management shall be formulated according to Annex 2 (Management Letter).

### **3. Documents of reference**

The following documents and matters are to be considered by the auditor as basic references for performing the financial audit:

Legislation: National law

Project/program: Agreement between FDFA and the partner relative to the project.

SDC Project Document / TOR;

    SIDA Project Document/TOR for the INCREASE Project – Sida Zambia  
    Budgets, financing plans, programs of project activities.  
    Project management procedures.  
    Any other documents concerning the project/program.

Accounting: Accounting documents subject to the financial audit.  
    Financial and operational reports concerning the project/program.

Auditor: Prior internal and external audit reports of the partner.  
    Any other information requested from the partner by the auditor.

#### **4. Planning the financial audit**

2 The auditor shall adequately plan the financial audit engagement well in advance of the work and ensure the execution of the financial audit of highest professional quality in an economical and efficient manner as agreed upon in the respective mandate in the name of the partner and the auditor.

3

On the basis of the information received during the planning phase, including the auditor's risk assessment, the auditor shall determine:

- the type of transactions to be audited and the audit methods (full audit or sample selections);
- the type of physical counts or examination and the sites to be selected.
- the number of site visits to be planned.

The auditor ensures continuity in the audit approach of the financial audit engagement and the audit team, even if there is a change in the leader of the engagement team from the prior year.

#### **5. Place of financial audit**

The financial audit is to be carried out at the project/program environment (administrative offices and/or decentralised sites, if applicable).

#### **6. Management representation of full disclosure**

The auditor shall obtain a management representation letter signed by the management of the partner organization, certifying:

- a) The acknowledgement of the organization's responsibility for the keeping of accounts and financial documents that are correct, complete, fair, representing the true facts, in conformity with the objectives of the project, the documents of reference (description of the project, contracts, budgets, etc.) and national legislation.
- b) That all accounting records, supporting and other documents, minutes and any other pertinent information necessary for the audit be at the disposal of the auditor.
- c) The completeness of information concerning property and goods.
- d) The completeness of information concerning financing received or due and own financing concerning the audited period, for the project being examined.
- e) The availability of any information and explanations, either orally or by written confirmation, which might be required by the auditor in the execution of his mandate.
- f) In the case of contributions to local NGOs, the declaration has to certify the completeness of information concerning financing received or due and own financing concerning the audit period, for the project being audited **and** for the examination of the consolidated financial statements of the organization. The consolidated financial information, including balance sheets and profit and loss statements of the project are to be attached to the declaration and form an integral part thereof. This declaration shall be provided together with the financial audit report.

#### **7. Detailed financial audit procedures**

Appropriate audit procedures are to be applied by the auditor in order to form a conclusion on the matters outlined below. These procedures applied, either on a full coverage or a sample selection basis may include controls, checking, evaluation, inspection, interview, analysis and other audit techniques. When selecting the audit procedures, the auditor shall give consideration to the results of his risk assessment (during planning stage and during the course of the audit work).

Accordingly, the auditor must define and carry out suitable audit procedures in order to obtain an overview of the aforementioned aspects before the auditor assesses the individual findings and reaches a final independent opinion on the audit.

The auditor is expected to select and apply any other audit procedures that the auditor may consider necessary in the professional execution of the financial audit engagement.

Upon receipt of the financial audit report, SIDA and the FDFA or any third persons designated by SIDA or the FDFA reserve the right to request other audit procedures to cope with the change in circumstances in the project or of the organisation of the cooperation partner.

In addition, in order to respect the principles mentioned under Art. 2 above, the auditor has to analyse the questions in the annexed Questionnaire (Template Annex 1). Any answers with "no" have to be taken up as recommendations in the Management Letter (Template Annex 2).

**7.1 Additional assignment; according to agreed upon procedures ISRS 4400, review the following areas in accordance with the Terms of reference below. (Please note this will be applicable to the Project INCREASE audit – Sida Zambia only.)**

Mandatory assignments for the that must be include:

1. Observe whether the financial report is structured in a way that allows for direct comparison with the latest approved budget.
2. Follow up whether salary costs debited to the project/programme are recorded throughout the duration of the year in a systemized way and examine whether the salary costs can be verified by sufficient supporting documentation.
3. Examine whether the financial report includes a comparison, for every budget item, between the actual costs/expenditures of activities and the budgeted costs/expenditures as approved by Sida for the period.
4. Based on materiality and risk the auditor shall examine whether there is supporting documentation related to incurred costs. Regardless of materiality of the findings the auditor shall quantify the amount for costs lacking sufficient supporting documentation.
5. Examine whether foreign exchange gains/losses are disclosed as a separate item in the financial report as well as disclosed in accordance with what is stipulated in the agreement including appendices and generally accepted accounting principles.
6. The cooperation partner's compliance with the applicable tax legislation with regard to taxes (e.g., PAYE)<sup>1</sup> and social security fees.
7. Follow up whether the cooperation partner has adhered to the procurement guidelines annexed or referred to in the agreement.
8. Review if outgoing balance for previous period is the same as incoming balance for the current period.
9. If the cooperation partner applies modified cash basis as accounting principle, the auditor shall describe used method and motivate whether the applied accounting principle is acceptable for this type of financial report.
10. Inspect and confirm that the unspent fund balance (according to the financial report) at the end of the financial year is in line with information provided in the accounting system and/or bank account.
11. Verify the unspent balance that shall be repaid to Sida in the final report of the last agreement year. (Only applicable in the final report of the last agreement year).

## 8. Closing meeting

After the completion of the financial audit engagement, but before leaving the project or the premises of the partner, the auditor shall hold a closing meeting with the persons responsible for the project/program (directors) and the staff responsible for accounting and reporting. The meeting shall address the results of the audit, discuss major weaknesses in the project, administrative and financial management (including the deficiencies of individual staff members) and propose recommendations to improve the project management, the accounting procedures and the internal control system (ICS).

## 9. Financial audit deliverables

The audit report of the auditor shall provide an opinion on the financial information of the following as per ISA (Template Annex 3).

- 1) SNV Zimbabwe Corporate financial statements (i.e. the consolidated annual statutory statements which combines all the 6 projects that were in place in the 2023 financial year (1 January 2023 to 31 December 2023). Indicative expenditure is EUR 1,500,000 . The reporting currency will be EUR

- 2) The Consolidated OYE Project Audit (which combines OYE Sida Zimbabwe, OYE SDC Zimbabwe, OYE SDC Zimbabwe Regional Project, OYE SDC Zambia and Zambia INCREASE Project. This project consolidates the 5 projects into one report for the period 1 January 2023 to 31 December 2023. The reporting currency will be USD.
- 3) The Sida Zambia INCREASE project specific audit with expenditure of EUR 2. million for the period 1 January 2023 to 31 December 2023. This audit comes with agreed upon procedures with regard to 3 questions specified by the donor in section 7.1. The reporting currency will be EUR
- 4) A management report of findings is expected for each of the 3 reports above.
- 5) The 2 project audits (OYE Consolidated Project and Sida Zambia Increase will each have own reporting format as specified in own Terms of Reference
- 6) The Questionnaire in Annex 1 will apply to the Consolidated OYE Project only.

The answers to the Questionnaire (Template Annex 1) and recommendations to the management (Management Letter according to Template Annex 2) as well as the management representation letter shall be provided as separate deliverables together with the audit report.

#### 9.1. Currency and language of the financial audit report

The financial information contained in the financial audit report of the auditor is to be expressed in the currency provided for in the contract. The financial audit report of the auditor and all other documents resulting from the financial audit engagement must be prepared in English.

#### 9.2. Signature

The financial audit report is to be signed by the leader of the audit team. The financial reporting subject to audit shall be signed by a representative of the management of the partner.

## Activities and Time frames

Activity (days)	Location	Exp. Results	Time period
Inception Meeting	Harare / remote via teams	(1) SNV Management to meet with the Audit Partner and Audit team to explain the SNV business model. (2) Audit firm to seek clarification so that they clearly understand the client's business, donors, reporting requirements, deadlines and donor expectations	12 February 2024
Draft Reports	Harare	Draft reports for the 3 financial reports detailed below.	20 March 2024
Final Reports	Harare	(1) Audited Consolidated OYE Project Financial Report (2) Audited SNV Zimbabwe Annual Statutory financial statements	31 March 2024 (All the 3 Audited Reports)
		(3) Audited INCREASE Project Financial Report  Please note each report should be accompanied by a management report that details weaknesses noted during the audit and recommended improvements	
<p><b><u>Estimated that the total number of days required for this assignment is approximately person days. However, the firm is required to provide a detailed workplan outlining the proposed sequence of activities, methodology and budget.</u></b></p>			

## Deliverables

- (1) Audited Consolidated OYE Project Financial Report
- (2) Management report for the Consolidated OYE Project
- (3) Audited SNV Zimbabwe Annual Statutory financial statements
- (4) Management report for SNV Zimbabwe
- (5) Audited INCREASE Project Financial Report
- (6) Management report for the INCREASE Project Financial Report
- (7) Agreed upon procedures report for the INCREASE Project Financial Report

## Profile

- Audit firm should demonstrate its teams experience with similar donors highlighted by SNV.

## Evaluation Criteria

	<b>Criteria</b>	<b>Maximum score</b>
1	Qualifications and experience of the audit team– see bidde profile section for key criteria needed	25
2	Methodology proposaed and demonstrated understanding of the ToR shown by the Technical Proposal submitted	50
3	Past performance – provide three references from past performance working with similar donors to SNV	15
6	Realistic timeline	10
	<b>TOTAL</b>	<b>100</b>