



Ambasáid na hÉireann Embassy of Ireland

Request for Tenders for Internal Audit Services for Embassy of Ireland Addis Ababa.

DEADLINE FOR RETURN OF TENDERS: May 12th 2020

Tendering Method

The tender and all associated attachments should be submitted for the attention of [Embassy of Ireland](#) by May 12th 2020

The tender should be titled “Audit Services – Embassy of Ireland Addis Ababa” and shall clearly indicate contact person, address, phone number and email for any potential communication.

CONTENTS

Section 1 Background/Overview

Section 2 Specification/Requirements

Section 3 Deliverables and Timeframes

Section 4 Rotation Criteria

Section 5 Instruction for Tenders

Section 6 Selection Criteria

Section 7 Award Criteria

Section 8 Fees

Section 9 General Terms and Conditions

Appendix I Terms of Reference 1

Appendix II Terms of Reference 2

Appendix III Financial Proposal

Appendix IV Declaration of Bona Fides

Appendix V Personal Situation Declaration Form

1. Background/Overview

The **External Audit** of the Department of Foreign Affairs and Trade, including all Embassies, is undertaken by the Irish Comptroller and Auditor General. All other audit is considered **Internal Audit** and is commissioned by the Evaluation and Audit Unit of the Department of Foreign Affairs and Trade. An Internal Audit is contracted on an annual basis by each of the embassies, to an independent firm of auditors usually resident in the country. These terms of reference apply to each of these audits.

Where Irish Aid hires a consultant auditor to carry out an audit process in an overseas office, it must be tendered in accordance with normal Irish Aid procurement procedures. Where consultant auditors are hired on a recurrent basis, the contract for the consultant auditors shall be tendered at least every three years. The Evaluation and Audit Unit, in consultation with the line management, is responsible for the selection of auditors and the awarding of the tender contract.

The tender is done for a period of three years accordingly to the Internal Audit Policy and Audit Charter, but contracts are signed on an annual basis based on the auditor's performance. The Terms of Reference for Irish Aid commissioned audits are reviewed on an annual basis.

2. Specification/Requirements

The objective of the Embassy audit is to enable the auditor to express a professional opinion on whether the financial statements prepared by the Embassy are in compliance with the Sun System records, any applicable supporting documentation and whether the financial systems and internal controls comply with the Financial Procedures Manual, the Procurement Procedures and the Grant Management Standards. The objective of the audit of a sample of institutions receiving grants from the Embassy, is to provide an opinion on the compliance with the financing agreement or Memorandum of Understanding, compliance with regulatory framework and the internal control procedures in place in each of those institutions.

The audit will be performed in accordance with the International Standards on Auditing as promulgated by the International Federation of Accountants and will include such tests and auditing procedures as the auditor considers necessary under the circumstances.

This tender seeks to identify an audit firm to undertake the audit of the Embassy Addis Ababa annual accounts and a sample of partners for a period of three years (2019-2021 accounts). The 2019 audit will cover four partner institutions and the Embassy accounts. Two different

Audit Terms of Reference will be provided: 1) Embassy audit; 2) Audit of Funded Programmes and Projects in the Overseas Offices.

3. Deliverables and Timeframes

The auditor should submit annually audit reports and management letters for the Embassy, in accordance with the annual Terms of Reference. An average of 15 institutions should be audited over the three years, including the Embassy accounts. Final Audit reports and Management Letters should be submitted to the Embassy by June each year (hardcopies and softcopies). Reports should be prepared in **English** in accordance with the requirements included in the specific Audit Terms of Reference. The contract for audit services will be for the audit of three financial years, subject to annual renewal based on satisfactory performance. The audit Terms of Reference will be updated annually.

4. Rotation Criteria

The Internal Audit Policy of the department requires that, in line with international best practice in audit, the contract for the consultant auditors shall be re-tendered at least every three years and that auditors are to be rotated at least every six years. An audit firm that has been awarded more than two successive three-year contracts will as a result be excluded from this tender process.

5. Instructions for Tenders

The Embassy of Ireland in Ethiopia seeks Tenders for the provision of audit services as set out in the Terms of Reference **in Appendix I and Appendix II**. The contract for audit services will be for the audit of three financial years, subject to annual renewal based on satisfactory performance.

Proposals are subject to the specifications set out in the terms of reference and these instructions and should be submitted in **English**.

Tender Submission

Proposals must be submitted to the Embassy of Ireland Kazanches, P.O.Box 9585, Tel 0115180500, Addis Ababa, Ethiopia. Your proposal should be clearly marked "Tender for Audit Services", and should be Submitted to the Embassy of Ireland.

Requests for clarification will be accepted up to **April 23 2020** and can be directed to Belachew Lakew at [Belachewlakew](#) or Meron Gezahegn at [Merongezagen](#)

The closing date for receipt of Tenders by the Embassy of Ireland, Addis Ababa is May 12th 2020

Tender Content

The proposal should provide the following information:

- a) Outline of the audit approach and methodology to undertaking the assignment
- b) Relevant technical experience of the firm
- c) Understanding of the deliverables
- d) Profile of staff proposed for the assignment (including CVs of proposed staff of no more than 3 pages each)
- e) Time estimate of the assignment
- f) Detailed quotation for the audit, showing hours and costs by grade
- g) Copy of renewed Professional license and evidence of affiliation with an International firm.**

Appendices

Tenderers are required to include the following documents with their submission;

Appendix III – Financial Proposal

Appendix IV – Confirmation of Bone Fides

Appendix V – Declaration of Personal Circumstances

6. Selection Criteria

The purpose of these criteria is to determine whether a Tenderer has the necessary technical and professional capacity to carry out the tasks. Tenderers who are not considered to have the required capacity will not proceed to the award phase. Tenderers must provide evidence in the submission of technical and professional capacity. Tenderers who do not provide the required detail, or who are judged, on the basis of the submission presented, not to have fulfilled the criteria specified below, will be excluded.

In respect of the contract which is the subject of this invitation to tender the Embassy requires Tenderers to have the following technical and professional capacity:

- the tenderer must be duly authorised to provide statutory audit of accounts;
- the tenderer should have at least 10 (ten) years' proven experience in statutory audit of accounts and in audit of donor funded organisations;
- the tenderer should have executed at least 5 (five) similar contracts/projects;
- The tenderer must have an affiliation with an International firm;

7. Award criteria

The contract for the requested services will be awarded on the basis of Most Economically Advantageous Tender. Marks will be awarded according to the award criteria outlined in the table below. Tenderers must score the minimum marks in criterion 2, 3 and 4 in order to be considered for awarding of the contract. Failure to achieve the minimum mark of 60% in criterion 2, 3 or 4 will result in the tenderer being eliminated.

Marks for cost will be allocated using the following formula:

Cost Score	=	$\frac{\text{Lowest Tendered Rate}}{\text{Tendered Rate under evaluation}}$	x	$\frac{\text{Number of Marks Available}}{\text{Available}}$
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Criteria	Marks Available	Min. Marks Required
1. Cost	30	N/A
2. Proposed Methodology and Audit Timetable	25	15
3. Understanding of Requirements and relevant experience	15	9
4. Technical capability and relevant experience of staff proposed, including team composition	30	18
Total Marks	100	N/A

In assessing “Technical Capability” and Relevant Experience” the Embassy will take account of:

- Experience with auditing Government, Non-Governmental Organisations, donor systems and Embassies (consular systems),
- Demonstrated understanding of Ireland’s (or similar countries’) overseas development programming approach and funding mechanisms in development context,
- Understanding of inherent risks relating to the development and consular services

environment,

- Membership with professional bodies
- Affiliation with International firms,
- Strong understanding of the national Public Financial Management.

Scoring Methodology (Award Criteria 2, 3 and 4)

Score	Meaning	Interpretation
90-100	Excellent	An excellent response demonstrating excellent understanding, offering assurance. Strongly supported tender.
80-90	Very Good	A very good response demonstrating very good understanding, offering assurance. Fully supported tender.
70-80	Good	A good response demonstrating good understanding, offering assurance. Well supported tender.
60-70	Satisfactory	An acceptable response demonstrating a minimum understanding, offering assurance. Satisfactorily supported tender.
Less than 60%	Unacceptable	Response demonstrates limited understanding with limited or insufficient or no detail with a risk of non-delivery

The following provision will apply to any tie-break situation occurring in the evaluation process:

If the evaluation results in a tie between two or more Tenders, then the Tender with the highest overall 'Qualitative' score shall be deemed the Most Economically Advantageous Tender.

The Embassy reserves the right to request the preferred Tenderer to attend a presentation meeting to verify the contents of their proposal. If the Embassy is not satisfied that the Tenderer's proposal meets their specified requirements they will not be considered further for award of the Contract. The Embassy will then proceed to select the next highest ranked Tenderer as the preferred Tenderer.

This Request for Tender contains no contractual offer of any kind. Any Tender will be regarded as an offer by the Tenderer and not as an acceptance by the applicant of an offer

made by the Department of Foreign Affairs and Trade. No contractual relationship will exist except pursuant to a written Service Level Agreement signed by a representative of the Embassy and any successful Tenderer for the specified services.

8. Fees

Fees should be set out clearly in the proposal, using the schedule at Appendix III, stating which services are included in proposed fees, and the basis of calculation of those fees. Details of charges relating to lead partner, engagement partner, manager, and audit staff must be shown separately in your tender response. Costs (travel, meals and lodging) must be detailed and must be fixed for the period of the engagement. Total cost must be stated exclusive of VAT.

9. General Terms and Conditions

FOI

Tenderers are advised that the Department of Foreign Affairs and Trade is subject to the Freedom of Information (FOI) Act, 2014. If a Tenderer considers that any of the information supplied in their Tender response is either commercially sensitive or confidential in nature, this should be highlighted and the reasons for its sensitivity specified. In such cases the relevant material will, in response to a request under the FOI Act, be examined in the light of the exceptions provided for in the Act.

Conflict of Interest

Tenderers must disclose in their submissions details of any circumstances, including personal, financial and business activities that will, or might, give rise to any conflict of interest associated with any current or previous engagement/programme undertaken, or any relationship that may reasonably be perceived to potentially conflict or impact on their ability to participate in the Tender Process or fulfil the requirements of the engagement. This also includes any sub-contractor.

Failure to disclose a material conflict of interest may disqualify a Tenderer or cause the termination of any subsequent contract and entitle Irish Aid to seek remedies, such as cost or compensation for loss.

Where Tenderers identify any potential conflicts they should state how they intend to avoid such conflicts. Irish Aid reserves the right to reject any submission which, in Irish Aid opinion, gives rise, or could potentially give rise to, a conflict of interest.

Tenderers or any of their affiliates shall not be assigned any engagement which, by its nature, may be in conflict with another engagement of the applicant. Irish Aid may accept the participation of a consultant that has been engaged in the preparation of a project if it can be demonstrated that no unfair advantage is given to the consultant and that the tendering process offers equal opportunities to all Applicants. A declaration form (Appendix V) must be signed to this effect. A detailed quotation for the audit, showing hours and costs by grade (see attached Appendix III) must be submitted together with the proposal.

Abnormally Low Tenders

The Embassy will investigate tenders they consider abnormally low and seek explanations from suppliers about the price or cost

The Embassy may reject the tender where the evidence supplied does not satisfactorily account for the low price. Rejection is mandatory in cases where the Embassy has established that the abnormally low price or costs proposed results from non-compliance with all applicable obligations in the fields of environmental, social and labour applying under relevant international conventions at the place where the works are carried out or the services provided.

Governing Laws

The work carried out by the service provider, irrespective of where their offices are located, shall be deemed to be carried out in Ethiopia and shall be governed by the laws of Ethiopia.

Publication

Rights concerning the production of reports or any other business documentation and those relating to their reproduction and publication will remain the property of the Department. No document based, in whole or in part, upon the work undertaken in the context of the Contract awarded following this tender may be published except with the prior formal written approval of the Department.

Tendering Costs

The Department of Foreign Affairs and Trade will not be liable in respect of any costs incurred by Tenderers in the preparation of tenders or any associated work effort, including the supply of equipment, where relevant, for evaluation and the return of such equipment to tenders, following such evaluation.

Content of Tender

Information supplied by tenders will be treated as contractually binding. However, the Department of Foreign Affairs and Trade reserves the right to seek clarification or verification of any such information. Post-tender qualifications or revisions will not be acceptable and may invalidate the tender.

The Department reserves the right to update or alter the information contained in this document at any time, but not later than 7 days before the closing date of the call for tender. Participating tenders will be so informed, should the need arise.

The Department reserves the right to request additional information from the tenders after the closing date.

Interpretation of the Tender

It is the duty of the tenderer to fully understand and correctly interpret this tender. At all times, the tenderer has the responsibility to notify the Department, in writing, of any ambiguity, divergence, error, omission, oversight, or contradiction contained in this tender, as it is discovered, or to request any instruction, decision, clarification or direction that tenderers may require to prepare a Tender.

Whilst every endeavour has been made to give Tenderers an accurate description of the requirements, Tenderers should form their own conclusions about the methods and resources needed to meet these requirements. The Department does not accept responsibility for the Tenderers' assessment of the requirements.

Tender Acceptance or Rejection

The Department reserves the right to hold Tenderers strictly to the terms and conditions submitted in their Tenders and also reserves the right to accept or reject in whole, or in part, any or all Tenders in response to this tender. Tenderers are specifically notified that failure to comply with or respond to any part of this tender (other than those elements clearly indicated as optional) may result in rejection of their Tender as non-compliant. Tenderers whose tenders are not accepted will be notified in writing on finalisation of the competition.

Termination of tender process

The Department may, in its absolute discretion:

- change the basis of, or the procedures (including the timetable) relating to the tender process;
- reject any or all of the tenders;
- invite Tenderers to proceed further at any stage of the tender process;

- do such things or engage in such actions as it deems necessary to ensure that the Services and provision thereof yield value for money;
- furnish Tenderers with additional information in respect of any aspect of the Services; or
- Abandon the tender process.

Appendix I

Terms of Reference for Consultants Performing Internal Controls Audit of the Embassy of Ireland, Ethiopia

Financial Year Ended 31 December 2019

1. Introduction

The Department of Foreign Affairs and Trade of the Government of Ireland is the Department with responsibility for promoting Ireland's interests and values abroad. The Department has over 80 Embassies and Missions around the world including 11 Embassies in Africa. Most of the Embassies in Africa have overall local responsibility for the management of an Overseas Aid Budget. A division of the Department – Development Co-operation Division (DCD) has overall responsibility for management of the €500 million (2018) aid budget.

For the purpose of these Terms of Reference, the following will be used:

- “The Department” refers to the Department of Foreign Affairs and Trade (DFAT)
- Development Co-Operation Division (DCD) is the Division of DFAT responsible for the management of the official bilateral aid programme of the Government of Ireland.
- “Irish Aid” is the common or brand name given to the official aid programme. Sometimes may be used instead of DCD.
- “The Embassy” refers to the Embassy of Ireland in Ethiopia

The Embassy of Ireland ,Ethiopia implements the Department's foreign policy in a number of areas which include consular services, trade, political and development, all of which are guided by the 'Global Island, Ireland's Foreign Policy for a Changing World' and other relevant policies. The Embassy of Ireland, Ethiopia is responsible for delivering the objectives of the Embassy Strategy¹ and Business Plan. This plan includes Ireland's development commitments to Ethiopia and the provision of consular services. The Embassy , Ethiopia Strategy reflects and supports the country's national growth and development strategy through projects fully funded by Irish Aid or jointly funded with other donors. Ireland also supports a number of programmes managed by international and local non-governmental organisations (NGOs), government, and pooled funding with other development partners. Bilateral agreements exist between the Government of Ireland and Government of Ethiopia to support

¹ Previously Country Strategy Paper (CSP) – in some countries still called CSPs

development in the country. Irish Aid supports development interventions in a number of areas, all of which align with Ireland's 'One World One Future' Policy on International Development.

The External Auditor of the Department of Foreign Affairs and Trade, including all embassies, is the Irish Comptroller and Auditor General. All other auditing is internal auditing and is commissioned by the Evaluation and Audit Unit of the Department of Foreign Affairs and Trade (the Department). An internal audit is contracted separately and on an annual basis for each of the partner countries, to a firm of auditors usually resident in the country. These terms of reference apply to each of the **internal audits** to be conducted under this arrangement.

DFAT operates Sun System across the Partner countries. Each country maintains a separate database of their transactions. This audit is an audit of the Embassy's financial statements which are prepared from accounting records on the Sun System database for Ethiopia as well as an audit of adherence to Department of Foreign Affairs and Trade (DFAT) DCD policies and procedures as articulated in the:

- **Financial Policy and Procedures Manual**
- **Procurement Procedures**

The above documents must be studied by the Auditors before commencing the planning or implementation of the audit. The Mission's risk register and risk identification and reporting systems should also be understood at the planning stage of the audit.

2. Objectives and Purpose of the Internal Controls Audit

This is an audit of the Embassy's financial statements, which are prepared from Sun System database maintained in each of the offices as well as an audit of adherence to DFAT DCD policies and procedures as articulated in the Financial Policy and Procedures Manual and the Procurement Procedures.

The objective of the audit is to enable the auditor to express a professional opinion on whether the financial statements prepared by the Embassy are in compliance with the Sun System records, any applicable supporting documentation and whether the financial systems and internal controls comply with the Financial Policy and Procedures Manual and the Procurement Procedures.

The audit will be performed in accordance with the International Standards on Auditing as promulgated by the International Federation of Accountants and will include such tests and

auditing procedures as the auditor considers necessary under the circumstances. **The auditor will sign a declaration to confirm compliance with these stipulations and all other provisions of these Terms of Reference.**

The audit is conducted as part of the overall work programme of the Department's Internal Audit function with the objective of providing assurance that the accounts of the Embassy present fairly the net expenditure of the Embassy for the year and the financial position at the year-end and that internal controls at the Embassy are appropriate and functioning. The audit forms part of the body of work that the Irish Comptroller and Auditor General relies on in forming his opinion on the accounts of DFAT as a whole. All audits are also subject to the scrutiny of the independent Audit Committee of the Department of Foreign Affairs and Trade.

3. Scope of Internal Controls Audit

The scope of the Internal Controls Audit will be an audit of the Embassy of Ireland, Ethiopia. The audit is of all transactions recorded on the Sun System for the Embassy from January to December 2019. Supporting documentation for any sub-office transactions may be maintained at that sub-office and must be included in the audit. Any other accounting system maintained by any Irish Aid sub-office is a memorandum system only and does not reflect the accounts of Embassy, Ethiopia to be audited. The audit will also include an assessment over the controls in place to monitor expenditure, including programme grants disbursed to partners during the year.

The scope includes proper posting and clearing of Balance Sheet Accounts.

Any unadjusted **material** variance (> 3% of total Embassy expenditure) from Sun System and/or the Financial Policy and Procedures Manual and/or the Procurement Procedures, which impacts on the accuracy of the financial position as presented in the financial statements, will be reported in the opinion of the auditors. Any non-material issue will be reported in the management letter. The level of materiality for a particular audit shall be as deemed reasonable by the auditors in the particular circumstances. However, any disagreement arising between the auditor and Embassy of Ireland on the materiality of a particular finding must be discussed with the Department's Evaluation and Audit Unit. **Without limiting the scope of audit special attention for the 2019 audit to be given to payroll and staff benefits including loans and advances, provident fund, severance payments, and other related transactions.**

In addition, the auditors annually should *specifically* confirm that:

- a) Department of Foreign Affairs and Trade funds have been used with due attention to efficiency and economy, and only for the purposes for which funding was provided.

- b) Bank accounts maintained for DFAT funds have not become overdrawn during the accounting period.
- c) Goods and services have been procured in accordance with DFAT's Procurement Regulations.
- d) Compliance with procurement policies and procedures, with particular emphasis on tendering procedures, contract issue, contract registration and the correct application of the awarded contract.
- e) Transactions are processed and recorded in accordance with the Financial Policy and Procedures manual, with particular emphasis on authority levels, accounting records and supporting documentation, separation of duties.
- f) There is compliance with the local regulatory system, with particular emphasis on payroll taxes, social security taxes/contributions, statutory pension contributions/liabilities, withholding tax, VAT or other sales taxes and any other applicable taxes being properly applied and up to date;
- g) There is an effective system of internal controls in place to prevent, or detect and correct, errors, misstatements and misappropriations. This includes ensuring that grant payments are processed in accordance with the Financial Policy & Procedures Manual.
- h) All grant payments have been made in compliance with the appraisal, approval and authorisation requirements as set out in the Financial Policy & Procedures Manual, and the Grant Management Standard, they were correctly received by the partner and there is appropriate confirmation of same on file.
- i) Assessment of risks and the Embassy's risk monitoring system to ensure funds are used for intended purposes and that the risk of fraud is minimised
- j) The financial statements have been prepared in the format required by DCD.
- k) Embassy consular receipts are reconciled to bank lodgements and to the records of the number of visas and passports issued and agreed to reports sent to Ireland.
- l) Visa sticker reconciliations are completed monthly and returned to Ireland,
- m) All visa stickers, passports, emergency passports, and emergency travel documents are securely stored and adequate procedures operate to maintain their safe custody and

authorise their appropriate use.

- n) Supporting documentation for any fixed asset (under the cash accounting system they are expensed in the year) transactions in the year are adequate and that the fixed asset and inventory registers have been adequately maintained.
- o) All banks that have processed transactions on behalf of Department of Foreign Affairs and Trade, Ireland – Embassy Account or Irish Aid have been surveyed to ensure that any accounts in the name of Irish Aid, Embassy of Ireland or former names (such as Ireland Aid, Development Cooperation Ireland etc) have been included in the audit and the financial statements.
- p) The requirements for financial repayments, petty cash, imprest and internal loans have been complied with.
- q) All Balance Sheet accounts have been reconciled, verified and reviewed for recoverability.
- r) All frauds or suspected frauds have been reported to the Head Evaluation and Audit Unit, DFAT HQ.

The auditor should plan the audit so that there is a reasonable expectation of detecting material misstatements in the accounts resulting from fraud or error or non-compliance with laws and regulations as may be necessary. If the auditor's suspicions are aroused, s/he must inquire into all the circumstances until satisfied. If material irregularities are discovered, they must be reported to the Head of Mission at the Embassy and to the Department's Evaluation and Audit Unit immediately.

In the audit of the Embassy, all transactions recorded on Sun System for the Embassy irrespective of the project/programme for which they are beneficiary are within the scope of the audit. Transactions can be classed as direct expenditure or grants to partners. All transactions on regional budget line clearing accounts and inter office clearing accounts are within the scope of the audit.

4. Accounting and Administration Procedures

4.1 Funding Mechanism

The Irish Aid Programme is the official overseas aid programme of the Irish Government. It is an integral part of the Government of Ireland and is located in Development Cooperation

Division (DCD) within the Department of Foreign Affairs and Trade. It is 100% funded by the International Co-operation Vote of the Government of Ireland budget. DCD funds are administered through the Embassy of Ireland in [country] (and in some cases supported by sub / provincial offices). The flow of funds is as follows:

- Funds are transferred from Development Cooperation Division (DCD) of the Department of Foreign Affairs and Trade, in Ireland to the Embassy's Euro bank account in Ethiopia.
 - Any appropriations in aid (receipts) generated by the Embassy are refundable to the Irish Department of Finance. However, cash generated by such appropriations is retained by the Embassy and reduces the amount of funds transferred from Development Cooperation Division.
 - Funds transferred are also adjusted by the net expenditure incurred directly by DCD on behalf of the programme and by the expenditure incurred by the Embassy on behalf of DCD.
- Payments are made from the Euro bank account as follows:
 - Transfers to programmes, projects and consultants
 - Transfers to Embassy local currency bank accounts
 - Transfer to sub office bank accounts for local administration
 - Embassy administration expenditure
- Payments are made from the Embassy local currency bank account for local currency Embassy administration expenditure and transfer to the sub office bank account for local administration. In some cases, local currency accounts are also used for the purposes listed under euro accounts above.
- Payments from sub office local currency bank accounts for administration expenditure.
- Small petty cash expenditure for Embassy or sub office administration.
- On occasion expenditures are incurred for other DFAT offices.

4.2 Accounting Controls

Accounting controls are set out in the Financial Policy and Procedures Manual.

4.2 Modified Cash Based Accounting

In accordance with Irish Government accounting, expenditure is deemed incurred when payment is made. The accounting system is a modified cash accounting system, as there have been some accruals and prepayments entered to allow management to obtain better financial information. In particular, unspent balances in grant partners are not recorded in the Embassy financial statements at year-end. This information is handled as part of the grant management process, and does not form part of the financial statements. However, any deficiencies in this aspect of grant management should be highlighted in the management letter.

5. Expected Deliverables

5.1. Report by the Consultant

The report is intended for the information of the Embassy and DFAT HQ, including the Evaluation and Audit Unit, all its offices, the Audit Committee of the Department of Foreign Affairs and Trade of Ireland and for the Irish Comptroller and Auditor General. The opinion expressed in the report will address whether:

- a) The financial statements present fairly the net expenditure of the Embassy of Ireland [country] for the year and the financial position at the year-end. In expressing this opinion, the auditor must consider whether proper accounting records have been maintained in each case, and whether the financial statements are in agreement with these records (comply with Sun Systems).
- b) The financial systems comply with the financial procedures of DFAT DCD as stated in the Financial Policy and Procedures Manual and the Procurement Procedures.
- c) If there is any unadjusted material variance from Sun System and/or the Financial Policy and Procedures Manual and/or the Procurement Procedures, which impacts on the compliance of the financial statements with the records, it will be reported in the opinion of the auditors. Any other reportable issues or systems compliance issues will be reported in the management letter.
- d) The auditor shall make a statement confirming they have complied with these terms of reference in the introduction to the management letter. In particular, they will confirm that they have complied with each of the points raised under section 3 above.

5.2 Financial statements

The financial statements **must** be prepared in the detailed format approved by DCD HQ. In addition, attention is drawn to the following:

- a) An Income and Expenditure Statement (Euro) - from the Sun accounting system, showing funding received and total administration & programme expenditure , and comparative figures for the preceding year. The total trial balance in the Sun System form the basis of the financial statements.
- b) Balance sheet as at the year-end.
- c) Notes to the financial statements presenting:
 - Accounting policies.
 - Notes to the financial statements providing the requested analysis of the figures shown in the Income & Expenditure Account and Balance Sheet.
- d) **Unaudited** Supplementary Information presenting:
 - Overall Mission Income & Expenditure Account, incorporating Embassy costs which were incurred at HQ
 - Detailed analysis of programme expenditure, broken down by programme objective and partner
 - Detailed analysis of Administration Costs
 - Fixed Assets
 - Year-end accruals & prepayments

This information is not audited, but should be reviewed for overall compliance with the audited financial statements.

5.3 Management letter/Internal Control Letter

In addition to the audit report, the auditor will prepare a “Management Letter” for the Embassy of Ireland [country]. In all cases, a management letter MUST be issued. If no issues have arisen during the course of the audit, the auditors must issue a management letter stating that no issues have arisen. The management letter should:

- a) Give comments and observations on the accounting records, systems and controls that were examined during the audit;
- b) Identify specific deficiencies or areas of weakness in systems and controls, and make recommendations for their improvement;
- c) Report any variance from Sun System and/or the Financial Policy and Procedures Manual and/or the Procurement Procedures.
- d) Include management responses from Embassy line management to issues arising and

recommendations made, ensuring that:

- The auditors will bring matters to the attention of management as they arise and seek clarification and/or management's comments during the course of the audit.
 - Management responses should provide an explanation of the causes of the issue and a plan of action to address the matter
- e) Communicate matters that have come to the auditor's attention that might have a significant impact on the implementation of the programme.
- f) Refer to any other matters that the auditor considers relevant.
- g) The management letter must include a review of the issues raised in the previous year's management letter and a status report on progress/follow up achieved if applicable.
- h) Include a high, medium or low prioritisation on all issues arising in the management letters. Ranks should be allocated according to the following criteria:
- High - a major weakness or a recurring issue that must be addressed soon
 - Medium - an important matter that will significantly improve the control environment, the accounting system or the operations of the business but is not so serious or prevalent as to be considered a major weakness
 - Low - a minor (or isolated) weakness that should nevertheless be addressed to improve the control environment, the accounting system or the operations of the business.

6. Time Frame and Irish Coordination with Auditors

The Internal Auditor (or equivalent) at the Embassy will have the primary responsibility for coordination with the auditors and agreeing the timeframe for carrying out the audit and reporting deadlines. Where possible interim audits will be conducted before December of the year under audit with final audits to be completed in the first quarter of the following year.

The Audited Financial Statements and the Management Letter must be sent to the Head of Mission and will be reviewed by the Head of Finance and the Internal Auditor in the Embassy, and the Department's Evaluation and Audit Unit and Finance Division at HQ in Ireland.

A debriefing session will be held at the Embassy to present the key findings of the audit reports and to discuss any follow up action recommended. When appropriate² representatives of the Department's Evaluation and Audit Unit and Finance Division will participate in this meeting

The auditors will respect the confidential nature of the exercise and will discuss it only with Embassy of Ireland or with others only as authorised by the Embassy.

² Participation will depend on the nature of issues arising from the audit.

Appendix II

Terms of Reference for an EXTERNAL Audit of Irish Aid Funded Programmes and Projects in the Overseas Offices

1. Introduction

Irish Aid's audit assurance is gained from a number of areas including, audit reports of national Auditors General, and partners' own audit reports. Each year Irish Aid pays for and initiates the audit of some partners. These terms of reference refer to external audits of Irish Aid funded partners that are commissioned to provide audit assurance to Irish Aid, but are audits of separate independent entities. The audit reports are also used and relied upon by the partner being audited. **All audit reports are addressed to the partner being audited but are also provided to Irish Aid.** The audits should be carried out according to international auditing standards, however these terms of reference include minimum requirements for the audit to provide the audit assurance required by Irish Aid.

Bilateral agreements exist between the Government of Ireland and a number of countries³ for support to development in those countries. As part of this programme, Irish Aid supports interventions in a number of areas, including governance, education, health, HIV/AIDS, water and sanitation, agriculture, civil society, private sector and rural and community development. The programme is implemented through central or federal government and various levels of local government administration at either regional, provincial or district levels.

Irish Aid support is provided through a number of different aid modalities, including budget support and SWApS. Support is also given via projects that are funded by Irish Aid and/or jointly funded with other donors. Ireland also supports a number of programmes managed by international and national non-governmental organisations (NGOs).

Irish Aid maintains offices at a number of the local government levels and in the capitals of each of the countries. Irish Aid commissions an audit, contracted separately and on an annual basis for a selection of the programmes and projects funded in each of the partner countries to a firm of auditors internationally recognised. The firm should also be a locally registered auditor in the country. These terms of reference apply to each of the audits to be conducted under this arrangement. Irish Aid will appoint an external auditor for three years and a contract will be signed annually based on yearly performances.

2. Irish Aid Accounting and Administration Procedures in relation to Partners

2.1 Funding Mechanism

The Irish Aid programme is the official overseas aid programme of the Irish Government. It is an integral part of the Government of Ireland and is located within the Department of Foreign Affairs and Trade. It is 100% funded by the International Development Vote of the Government of Ireland budget. Irish Aid funds are administered through the Embassy in the capital supported by Irish Aid sub offices at the local government level (representation offices/area based programme offices/provincial offices etc). The flow

³ The countries are Uganda, Zambia, Tanzania, East Timor, Ethiopia, Mozambique and South Africa

of funds for grants to development partners from Irish Aid is as follows:

- Programme and project grant payments are made from the Embassy bank account as transfers to programmes and projects.
- In exceptional cases some payments are made from the Embassy bank account for purchases of goods or services for the programmes

2.2 Accounting Controls by Irish Aid over Partners

- Agreements should be in place with all partners including financial procedures, reporting and auditing arrangements.
- According to agreements some (but not all) partners are required to hold separate bank accounts for Irish funds
- Regular progress and financial reporting by the projects to the Embassy
- Project evaluations/reviews
- Embassy accounting staff oversight of partners
- Programme Accountants in countries where there is no internal audit function and Consultant Auditors carry out audits of partners.
- Audit by the Evaluation and Audit Unit
- Regular monitoring by Embassy and sub office staff.

2.3 System of Accounting of Partners

The majority of Irish Aid partners operate on a cash accounting system, or modified cash based accounting system, however some partners operate full cash or accrual accounting.

3. Objectives of the Audits

The objective of the audit of the programme/project financial statements is to enable the auditor to express a professional opinion on the financial statements that the partner is required to prepare. The audit is conducted to allow the Evaluation and Audit Unit Limerick, the Irish Comptroller and Auditor General to rely on the auditor's opinion in forming their own professional opinions on the use of Irish Government funds.

4. Scope

The scope of the audit will include all funds received from Irish Aid by the Partner being audited.

The audit will be carried out in accordance with international standards on auditing, as promulgated by the International Federation of Accountants and will include such tests and auditing procedures as the auditor considers necessary under the circumstances.

Special attention should be paid by the auditor as to whether:

- s) Irish Aid funds have been used in accordance with the conditions of funding agreements, with due attention to efficiency and economy, and only for the purposes for which funding

was provided.

- t) An internal control system is in place to prevent, or detect and correct, errors, misstatements and misappropriations. The control system is appropriate for the type of modality, i.e., direct implementation or sub-granting or both.
- u) Bank accounts maintained for Irish Aid funds (if applicable) have not become overdrawn during the accounting period.
- v) Goods and services have been procured in accordance with the relevant procedures
- w) All necessary supporting documents, records and accounts have been kept in respect of each project with clear linkages to the progress reports presented to the Embassy.
- x) The financial statements have been prepared in accordance with international accounting standards taking into account the partner's system of accounting which may be cash based or modified cash based.
- y) The audit needs also to review arrangement for ensuring value for money is obtained for Irish Aid funds.

The audit should include a rigorous examination of the system of internal controls, including organisation structure, authority levels, staff competence, accounting records and supporting documentation, separation of duties, and monitoring arrangements. Where certain controls are impracticable, appropriate compensating controls should exist. The auditor should also review the internal audit report of the agency to be audited.

The auditor should plan the audit so that there is a reasonable expectation of detecting material misstatements in the accounts resulting from fraud, error or non-compliance with laws and regulations as may be necessary. If the auditor's suspicions are aroused, s/he must inquire into all the circumstances until satisfied. If material irregularities are discovered, they must be reported to the Embassy and to the Evaluation and Audit Unit (Limerick) immediately.

5. Financial Statements

5.1 Financial Statements

The financial statements must be prepared in the Partner's own format from the accounting records maintained at particular projects however, at a minimum this must include:

- a) A Receipts and Payments or an Income and Expenditure Statement (in the partner's currency of operation) showing separately all income received from Irish Aid. The accounts should include expenditure by budget line item, and comparative figures for the preceding year together with and any other information included in the format of the standard financial statements provided by Irish Aid.
- b) Where possible the statement should also include expenditure incurred directly by Irish Aid on behalf of the partner. The payment statement will identify the total amount by organisation of any grant to another organisation/district etc from Irish Aid funding.
- c) Balance sheet as at the year-end (in the partner's currency of operation), including the Irish Aid fund balance remaining. Where Irish Aid funds remaining are mixed with

other source of funds, the accounts will note the fund balance remaining to Irish Aid and make a statement on where this fund balance is held.

d) Notes to the financial statements presenting:

- A brief explanation of the programme/ project objectives.
- Accounting policies.
- Any supplementary financial information or schedules in support of (a), (b) and (c) above including budget/actual comparison schedule,
- Receipts from Irish Aid equivalent Euro and actual local currency with the date of transfer of the funds.

e) The financial statements should be signed by the partner.

6. Audit Report

The audit report is intended for the information of Irish Aid, the audit committee of the Department of Foreign Affairs and Trade of Ireland and for the Irish Comptroller and Auditor General, and for the information of the partner being audited. **The audit report should be addressed to the partner being audited.** The opinion expressed in the audit report will address whether:

- e) The financial statements present a true and fair view of the financial position of the partner audited. In expressing this opinion, the auditor must consider whether proper accounting records have been maintained in each case, and whether the financial statements are in agreement with these records.
- f) Funds provided for the project by Irish Aid have been used in accordance with the relevant agreement and Irish Aid PAEG and IDC approval.
- g) The auditor shall make a statement confirming they have complied with these terms of reference in the introduction to the management letter. In particular, they will confirm that they have complied with each of the points raised under section 4 above.

7. Management Letter/ Internal Control Letter

In addition to the audit report, the auditor will prepare a “Management Letter” **addressed to each partner**, which will:

- i) Give comments and observations on the accounting records, systems, and controls that were examined during the audit;
- j) Identify specific deficiencies or areas of weakness in systems and controls, and make recommendations for their improvement;
- k) Include management comments and observations relating to the recommendations in (b) above.
 - Include management comments from the partners’ programme/project management.
 - The auditors will bring matters to the attention of management as they arise and seek clarification and/or management’s comments during the course of the audit.

- l) Communicate matters that have come to the auditor's attention that might have a significant impact on the implementation of the programme.
- m) Refer to any other matters that the auditor considers relevant.
- n) The management letter must include a review of the issues raised in the previous year's management letter and a status report on progress/follow up covering:
 - Recommendations from previous years not implemented;
 - Recommendations from previous years implemented;
 - Recommendations from current year – including note when there are no issues highlighted during the year.
- o) In all cases, a management letter MUST be issued. If no issues have arisen during the course of the audit, the auditors must issue a management letter stating that no issues have arisen. – This situation does not mean that the update on previous years will not be given.**
- p) Include a high, medium or low prioritisation on all issues arising in the management letters. Ranks should be allocated according to the following criteria:
 - A - a major weakness or a recurring issue that must be addressed soon
 - B - an important matter that will significantly improve the control environment, the accounting system or the operations of the business but is not so serious or prevalent as to be considered a major weakness
 - C - a minor (or isolated) weakness that should nevertheless be addressed to improve the control environment, the accounting system or the operations of the business.

8. Time Frame and Irish Aid Coordination with Auditors

The precise time frame and reporting dates will be agreed with Irish Aid. The Irish Aid country office will have the primary responsibility for coordination with the auditors. The day to day audit manager within individual Irish Aid countries will be the internal auditor or where there is no internal auditor the programme accountant.

A debriefing session will be required at the Embassy to present to the senior management team the key findings of the audit reports and to discuss the follow up action necessary with the partners that the auditors recommend.

Draft audit reports and management letters will be submitted within one month from the commencement of the audit. The audit process will be finalised within fifteen days from the submission of the draft report.

The auditors will respect the confidential nature of the exercise and will discuss it only with Irish Aid and with the individual programme/projects management or with others only as authorised by Irish Aid.

Audits for 2020

The below table shows the list of Partners to be audited under this terms of reference.

IRISH AID ETHIOPIA

AUDITS TO BE CONDUCTED in 2020

	Programme / Project/Partner	Audit Period	Unutilised amount at Beginning of the year/ Period (Birr)	Grant/ transfer in the period from Irish Aid	Previous year expense (Birr)	Estimated expenditure for the year/period (<i>to be revised on actual</i>)	Remark
1	Tigray Agri Research Institute (TARI)	Year ended 7 July 2020	438,017	Euro 200,000 (around Birr 6,500,000)	6,423,658	Around 7,000,000 Birr	
2	South Agricultural Research Institute (SARI)	Year ending 7 July 2020	684,011	Euro 150,000 (around Birr 5,250,000)	4,176,306	Around 5,000,000 Birr	
3	Tigray Regional Agriculture Bureau/Programme on Increasing Smallholder Agriculture Productivity and Enhancing Food Security and Nutrition in Tigray/	Year ending 7 July 2020	19,683,165		19,298,561	previous year	
4	Tigray Regional Health Bureau/Programme on Strengthening the maternal health services in the region/	Year ending 7 July 2020	341,897	none		341,897 (Birr)	

Note: A travel will be required to sample Woredas for Tigray Regional Agriculture Bureau audit. The Bureau works with thirteen woredas in the region. The Embassy has a liaison office in Tigray which helps to facilitate the audit process and visits to the Woredas.

Appendix III – DECLARATION

THIS DECLARATION MUST BE LODGED AS PART OF THE CALL FOR PROPOSALS SUBMISSION WITH THE TECHNICAL DOCUMENTS. WHERE THE APPLICANT IS A CORPORATION OR PARTNERSHIP THE DECLARATION MUST BE COMPLETED BY A DULY AUTHORISED REPRESENTATIVE.

Name of Organisation: _____

Address: _____

I, [*insert name*], solemnly declare that I have been duly authorised to make this declaration by the above named organisation and I hereby certify as follows:

1. The Applicant has not been convicted of fraud, money laundering, corruption, or of being a member of a criminal organisation as those terms are defined in Directive 2004/18/EC.
2. The Applicant is not bankrupt or subject to bankruptcy or analogous proceedings, or being wound up, its affairs are not being administered by a court, it has not entered into an arrangement with its creditors, it has not suspended its business activities nor is it in any analogous situation arising from a similar procedure under national laws and regulations.
3. Neither the Applicant, nor any of its directors or partners, has been convicted of an offence concerning professional conduct by a judgement which has the force of res judicata or been guilty of grave professional misconduct (proven by any means which the Contracting Authority can demonstrate) in the course of its or their business.
4. The Applicant has fulfilled its obligations relating to the payment of taxes or social security contributions in its country of establishment or any other State in which the Applicant is located.
5. The Applicant has not been guilty of serious misrepresentation or omission in providing information to a public authority, including the Contracting Authority and grant issuing authority.
6. The Applicant is not a subject of the administrative penalty for being guilty of

misrepresentation in supplying the information required by the contracting authority as a condition of participation in the call for proposal or failing to supply an information, or being declared to be in serious breach of his obligation under the grant agreement covered by the budget.

In addition, the applicant will declare:

7. you have no conflict of interest in connection with the grant agreement; a conflict of interest could arise in particular as a result of economic interests, political or national affinities, family or emotional ties or any other relevant connection or shared interest;
8. you will inform Irish Aid, without delay, of any situation considered a conflict of interest or which could give rise to a conflict of interest;
9. you have not made and will not make any offer of any type whatsoever from which an advantage can be derived under the contract;
10. you have not granted and will not grant, have not sought and will not seek, have not attempted and will not attempt to obtain, and have not accepted and will not accept any advantage, financial or in kind, to or from any party whatsoever, constituting an illegal practice or involving corruption, either directly or indirectly, as an incentive or reward relating to award of the contract;
11. that the information provided to Irish Aid within the context of this call for proposal is accurate, sincere and complete.

I further declare that the information provided above is accurate and complete to the best of my knowledge and belief.

I understand that the provision of inaccurate or misleading information in this declaration may lead to the Applicant being excluded from participation in this or future tenders.

This declaration is made for the benefit of The Department of Foreign Affairs (the "Contracting Authority")

SIGNATURE: _____

DATE: _____

NAME (PRINT)_____

TEL: _____

POSITION _____

Appendix IV - PROPOSED FEE SCHEDULE

Provision of Audit Services for Embassy of Ireland Ethiopia
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Tenderers are requested to complete the pricing template below with the fixed **daily rate and reimbursable expenses if any** in respect of the outputs specified in the Terms of Reference. The costs should be quoted in **Birr and Euros exclusive of VAT**.

Details of charges relating to lead partner, engagement partner, manager, and audit staff must be shown separately in the table below. Costs (travel, meals and lodging) must be detailed and must be fixed for the period of the engagement.

Item No.	Description of Service (Area of expertise, reimbursable expense)	Daily fee Rate	No. of Days/Qty.	Total Cost
	Total Cost Excl. VAT			

This fee shall be fixed for the duration of the appointment. Any change on the rates/fees will be agreed with Irish Aid.

Appendix - V

Confirmation of Bona Fides

We the undersigned do offer in accordance with the Request for Tenders and the Terms of Reference specified therein to provide Embassy of Ireland, Maputo with Internal Audit Services for the Department of Foreign Affairs and Trade at the fee rate set out in Appendix IV and subject in all respects to the Terms of Reference published with this call for tenders which we have read and accepted.

We confirm that all information and commitments contained in or referred to in our tender are (i) accurate and correct, and (ii) accurately reflect our actual current operational and financial capability.

We confirm that this Tender shall remain irrevocably open for acceptance by you for a period of 12 months from the closing date for receipt of tenders and it shall remain binding upon us for that period or such other period as we may agree.

We acknowledge that no legally binding agreement exists between us unless and until our offer is accepted by you and a contract in the form set out in this request for tenders has been concluded.

We understand that the Minister of Foreign Affairs and Trade is not bound to accept the lowest or indeed any tender it may receive and may abandon or terminate the tender process at any time.

Signature of tenderer or authorised agent:

Printed Name:

Name of Tenderer:

VAT No:

Postal Address:

Telephone no:

E-mail: