

INVITATION TO TENDER

TENDER REF NO: AWF/KFWSEPT/2022

TENDER NAME: A FINANCIAL EXPENDITURE COMPLIANCE VERIFICATION OF THE CO-FINANCING AGREEMENT BETWEEN EWCA AND AWF AT AFRICAN WILDLIFE FOUNDATION SIMIEN MOUNTAINS LANDSCAPE PROJECT OFFICE, P.O. BOX 1 DEBARK, ETHIOPIA.

- **DATE OF NOTICE: Saturday September 24, 2022**
- **CLOSING DATE: October 4, 2022 5:00 pm Local Time**
- **PLACE OF AUDIT: AFRICAN WILDLIFE FOUNDATION SIMIEN MOUNTAINS LANDSCAPE PROJECT OFFICE, P.O. BOX 1 DEBARK, ETHIOPIA**

1. TENDER DETAILS

- 1.1** All bidders must note that AWF communicates only in writing to all interested bidders during the entire tendering process.

Assignment Title:	An Expenditure Verification of EWCA-AWF Co-financing and Advisory Agreement
Estimated level of effort:	10 working days
Location:	The office of EWCA in Debark with meeting(s) with EWCA in Addis Ababa.
Duration of assignment:	17th-26 th October, 2022
Deadline for the Submission of the Draft Report of the Auditor:	26th October 2022
Deadline for the Submission of the Report of the Auditor:	28th October w2022
Audit Coverage Period	July 1, 2021-June 30, 2022

- 1.2** African Wildlife Foundation (AWF) invites sealed bids from all interested audit firms to render a financial expenditure compliance verification of the co-financing agreement between EWCA and AWF in AWF Simien Mountains Landscape Project Office, P.O. Box 1 Debark, Ethiopia.
- 1.3** Interested eligible candidates may obtain further information and inspect the tender document at **AWF Simien Mountains Landscape Project Office, P.O. Box 1 Debark, Ethiopia** during normal office working hours (8.00am-12.00pm, 2.00pm–5.00pm).

Bidders may also view and download the bidding document from AWF website: [insertlink](#) and immediately forward their particulars for records and for the purposes of receiving any further tender clarifications and/or addendums to: simienprocurement@awf.org

- 1.4 A complete set of tender documents may be obtained by interested candidates upon payment of a non-refundable fee of three hundred and fifteen Ethiopian Birr 500.00 (**Five hundred birr**) in cash or bankers' cheque payable to African Wildlife Foundation. Bidders who download the tender document will not be required to pay.
- 1.5 Prices quoted should be inclusive of all taxes and must be expressed in Ethiopian Birr and shall remain valid for a period of 90 days from the Closing date of the tender. Per diem, accommodations and transportation costs are covered by AWF upon valid receipt has been received according to AWF standards. The bidder shall include these costs separately in the financial proposal.

Completed tender documents are to be enclosed in plain sealed envelopes marked with tender reference number and be deposited in the Tender Box on **AWF Office located in North Gondar, Debark town at EWCA-Simien mountain national park compound or sent through P.O. Box. 1, Debark, Ethiopia or sent Through DHL Gondar, Ethiopia So as to be received 3 days before the tender closing date with a copy sent through email to simienprocurement@awf.org:**

- 1.6 Completed tender documents shall be addressed to:

African Wildlife Foundation P.O. Box. 1, Debark, Ethiopia,

Attention: Tilahun Endalew

So as to be received on or before 01 October 2022.

2. Background

The Government of Germany, through KFW, committed to provide the Government of Ethiopia (GoE) with a Financial Cooperation Grant to improve the conservation and management of protected areas including the Simien Mountain National Park (SMNP), a World Heritage Site, and the surrounding lands. Subsequently, the Ethiopian Wildlife Conservation Authority (EWCA) and KFW signed Financing and Separate Agreements for the implementation of the project. The purpose of the Project is to effectively manage protected areas in collaboration and partnership with local communities and other stakeholders. This is to sustainably conserve the biodiversity and landscapes of priority protected areas and thus contribute to the conservation and the sustainable use of biodiversity and to the improved livelihood of the local population and economic development of the country.

The Separate Agreement foresees, among others, that EWCA shall enter into a Co-financing and Advisory Contract with the *African Wildlife Foundation* (AWF) for support to the management of the Simien Mountain National Park (SMNP) ("The Project"). EWCA and AWF signed this Co-financing and

Advisory contract ("The Co-Financing Agreement") on 27 April 2018 to formalise the terms of the work to be conducted by AWF as the implementing partner for this project.

In line with the Separate Agreement, the Co-Financing Agreement foresees an Audit after 12 months. AWF intends to contract an external auditor to examine (in compliance with KFW Terms of Reference for Auditors for Disbursement) whether the payments have been managed properly.

The following are the Terms of Reference (ToR) on which AWF will engage an independent consultant ("The Auditor") to perform and report on an expenditure verification in connection to the Co-financing and Advisory Agreement with EWCA concerning the management of SMNP.

3. Objectives

The objective of this assignment is to examine the factual information in the Financial Reports of AWF and compare it with the terms and conditions of the Co-Financing Agreement by applying certain agreed-upon procedures.

This assignment is a reasonable assurance engagement in accordance with International Standard on Assurance Engagements (ISAE 3000 – revised) as published by the *International Auditing and Assurance Standards Board* of the *International Federation of Accountants*. This standard requires that the auditor/practitioner will plan and perform procedures considered necessary to obtain reasonable assurance about the Subject Matter Information (including on-site visits with inspection of goods purchased under the agreement).

4. Baseline information

AWF is responsible for providing sufficient and adequate information, both financial and non-financial, in support of the Financial Reports, which makes it possible to verify that the expenditures claimed by AWF have occurred and are accurate and eligible.

AWF is responsible for preparing "Procurement Plans" and "Working Plans" and to get them approved by EWCA and KFW prior to spending of project resources. "Statements of Expenses" (SOE) are to be prepared in connection with each Withdrawal Application.

AWF is responsible for preparing "Progress and Financial Reports". These quarterly reports (starting three months from the commencement of services) on the progress of the Project are to be submitted to EWCA and KFW. All circumstances are to be reported that might jeopardize the achievement of the overall objective, the Project purpose and the results. The progress reports are also intended to give an overview of the financial status of the project (expenditures, foreseen expenditures).

AWF accepts that the ability of the Auditor to perform the procedures required by this engagement effectively depends upon AWF, providing access to AWF's staff and its accounting and bookkeeping system and underlying accounts and records.

The Auditor will be responsible to performing the assignment in accordance with the terms and conditions of the Consultancy Service Contract, as presented in Attachment 1.

5. Tasks. The Auditor is expected to carry out the following tasks:

- Establish whether AWF has maintained adequate documentation of all relevant transactions;
- Verify whether the expenditures submitted to EWCA/KFW are eligible for financing under the grant, and identification of any ineligible expenditures;
- Assess the adequacy of accounting and internal control systems to monitor expenditures and ensure safeguarding of grant-financed assets;
- Provide advice to AWF how to improve financial procedures.

In performing the tasks, the Auditor will adhere to the procedures described in Attachment 2 containing a list and guidelines for the specific procedures to be performed.

6. Deliverables and time schedule

The Auditor is expected to deliver a report on this expenditure verification which should describe the purpose, the agreed-upon procedures and the factual findings of the engagement in sufficient detail in order to enable EWCA/KFW and AWF to understand the nature and extent of the procedures performed by the Auditor and the factual findings reported.

This report should be provided by the Auditor to AWF by the deadline given above.

If considered pertinent, the Auditor shall prepare a "Statement on Internal Control" that should include the following:

- Give comments and observations on the accounting records systems and controls examined during the course of the engagement (with special focus on the account(s) under this grant).
- Identify specific deficiencies and areas of weakness in systems and controls that have come to the auditor's attention and make recommendations for their improvement (in accounting, information technology or computer systems, on which the auditor's comments are necessary to ensure effective controls).

7. Requirements

The Auditor is required to have the following skills and expertise:

- At least 10 years of relevant professional qualification and responsibilities in public and civil society sector audit practice and especially granting scheme;
- The Auditor and/or the firm is registered as a statutory auditor in the public register of Ethiopia and this register is subject to principles of public oversight as set out in the legislation of the country;
- The auditor has ACCA (Association of Chartered Certified Accountants);
- Financial Accounting knowledge and experience including Financial Analysis, Cost Accounting, Budgeting and Tax Compliance Expertise;
- Knowledge of National Accounting Standards and financial legal framework;
- Sufficient knowledge of relevant national laws, regulations and rules. This includes but is not limited to taxation, social security and labour regulations, accounting and reporting;
- Registration with audit and Accounting Board of Ethiopia

8. Other Terms

All communication and reporting will be conducted in English. Travel expenses in connection with this assignment have to be approved by AWF beforehand and will be reimbursed against receipts and following travel reimbursement rules of AWF.

Applications: Please send a financial offer and CV of the proposed staff in English to AWF by e-mail to simienprocurement@awf.org by 14:00 CET on October 04, 2022.

This call for proposals is a closed call for Ethiopian National only.

9. EVALUATION

9.1 Technical Evaluation

The evaluation committee appointed by AWF shall evaluate the proposal on the basis of their responsiveness to the Terms of Reference.

Bidders who score 70% and above shall qualify for financial proposal evaluation

SN	EVALUATION CRITERIA	Points
	PRELIMINARY EVALUATION Particulars of eligible tenderer a) The tenderer shall provide the following mandatory requirements (failure to submit the mandatory requirements will lead to disqualification from the tender process – preliminary evaluation) <ul style="list-style-type: none"> • Copy of certificate of Registration/Incorporation • Copy of valid Tax Compliance Certificate • The Auditor and/or the firm is registered as a statutory auditor in the public register of Ethiopia and this register is subject to principles of public oversight as set out in the legislation of the country 	
	TECHNICAL EVALUATION CRITERIA FOR PROVISION OF EX-TERNAL AUDIT SERVICES	Max Points
1	Relevant specific Experience of the tenderer related to the assignment (documentary evidence should be given)	30
	a. The firm shall give a brief description of the firm's organization, an outline of recent experience and recent experience on assignments of a similar nature b. At least 10 years of relevant professional qualification and responsibilities in public and civil society sector audit practice and especially granting scheme; c. The Auditor and/or the firm is registered as a statutory auditor in the public register of Ethiopia and this register is subject to principles of public oversight as set out in the legislation of the country; d. The auditor has ACCA (Association of Chartered Certified Accountants) or Equivalent professional certificates such as CPA	

SN	EVALUATION CRITERIA	Points
	<p>e. Financial Accounting knowledge and experience including Financial Analysis, Cost Accounting, Budgeting and Tax Compliance Expertise;</p> <p>f. Knowledge of National Accounting Standards (SKK) and SNRF and financial legal framework;</p> <p>g. Sufficient knowledge of relevant national laws, regulations and rules. This includes but is not limited to taxation, social security and labour regulations, accounting and reporting.</p>	
2	Methodology and Approach	40
	<p>Understanding of and conformity to the terms of reference</p> <p>(1) The firm will demonstrate their understanding of and conformity to the terms of reference and may give any comments or suggestions on the Terms of Reference, a list of services and facilities to be provided by AWF.</p> <p>(2) The tenderer shall give a description of the methodology and work plan for performing the assignment, give details on the approach, strategies, design and methodology to ensure effectiveness of the assignment and a comprehensive time schedule for undertaking the assignment presented in a Gantt chart</p>	
	Human Resource Capacity	30
	<ul style="list-style-type: none"> - The list of the proposed staff team by specialty, the tasks that would be assigned to each staff team member and their timing. - CVs recently signed by the proposed professional staff and the authorized representative submitting the proposal. Key information should include number of years working for the firm/entity and degree of responsibility held in various assignments - Estimates of the total staff input (professional and support staff- time) needed 	
	Total	100

NB: Bidders who score above 70% qualify for financial proposal.

9.2 Financial Evaluation

Bidders who submit least cost will be selected among those who qualify from the technical evaluation. If the least cost bidder fails for any reason, the next least bidder will be chosen until we get a valid bidder. Financial proposal shall include all applicable taxes in Ethiopia. Travel related costs shall be presented separately and clearly.

Attachments

Attachment 1: Procedures, Evidence and Documentation

Section A: Listing of the specific procedures to be performed

I. General Procedures

a. Terms and Conditions of the Co-Financing Agreement

The Auditor obtains an understanding of the terms and conditions of the Co-Financing Agreement by reviewing the Agreement and its annexes and other relevant information, and by inquiry of AWF. The Auditor obtains a copy of the original Agreement (signed by the AWF and EWCA) with its annexes. The Auditor obtains and reviews the Financial Reports, The Procurement Plans, Working Plans, Statement of Expenses, Withdrawal Applications and other relevant information.

b. Financial Report and Withdrawal Applications and Statement of Expenses

The Auditor verifies that AWF's Withdrawal Applications and Statement of Expenses and the Financial Reports comply with the conditions of the Co-Financing Agreement.

The Auditor verifies that all expenditures are made in line with the stipulations made in the Co-Financing Agreement and have been approved by EWCA/KFW prior to spending.

The structure of the Financial Reports should be the same as that of the contractually approved budget and KFW formats provided to AWF.

c. Rules for Accounting and Record keeping

The Auditor examines – when performing the procedures listed below – whether AWF has complied with the rules to keep full accurate and systematic records, accounts and time sheets of respective articles of the Co-Financing Agreement.

d. Reconciling the Financial Report to AWF's Accounts and Records

The Auditor reconciles the information in the invoice and the Financial Report to AWF's accounts and records in respect of the services.

e. Exchange Rates

The Auditor verifies that amounts of fees and other expenditure incurred in a currency other than the Euro have been converted in accordance with the conditions of the Co-Financing Agreement.

II. Procedures to verify conformity of Expenditures with the Budget and Analytical Re- view

a. Budget of the Co-Financing Agreement

The Auditor carries out an analytical review of the expenditure headings in the Financial Report and verifies that the budget in the Financial Report corresponds with the budget of the Agreement (authenticity and authorization of the initial budget) and that the fees and expenditure incurred were indicated in the budget of the Co-Financing Agreement.

b. Amendments to the Budget of the Co-Financing Agreement

The Auditor verifies whether there have been amendments to the budget of the Co-Financing Agreement. Where this is the case the Auditor verifies that the conditions of the Co-Financing Agreement were respected.

III. Procedures to verify Fees and Expenditure

a. Eligibility of Fees

The Auditor verifies the eligibility of the fees with the terms and conditions of the Co-Financing Agreement set out below. The Auditor verifies that the fees charged to the Co-Financing Agreement comply with the fixed rates of the Agreement (where applicable).

b. Verification of time charged to the Co-Financing Agreement

1. Timesheets for AWF's Personnel: The Auditor verifies that:

- (1) Time (number of days / hours worked) charged to the Co-Financing Agreement for AWF's personnel cover time periods that fall within the implementation period, has been correctly calculated and corresponds to timesheets approved and maintained by AWF in accordance with the criteria for records of the Co-Financing Agreement and has not already been charged in a previous Financial Report and invoice submitted by AWF for payment by other donors/institutions.
- (2) The Auditor reviews variances between estimated time for AWF's personnel in the budget and actual time charged and obtains explanations from AWF for substantial variances. In cases of substantial overruns, the Auditor verifies that such overruns have been properly authorized.

2. AWF's personnel are employed or contracted by AWF and approved by EWCA/KFW:
The Auditor verifies that:

- (1) AWF's personnel for whom time has been charged to the Co-Financing Agreement was actually employed by AWF in the period covered by the timesheets. For this purpose, the Auditor examines supporting evidence such as payroll information, employment contracts. For personnel contracted by AWF (e.g. independent experts and free-lancers) the Auditor examines supporting evidence such as contracts. The Auditor also verifies that there is agreement with EWCA that contracted personnel can work for the Co-Financing Agreement. The Auditor examines supporting evidence relating to the charging of fees and payment (e.g. invoices and proof of payment), CVs and signed addendums to the Co-Financing Agreement.
- (2) AWF has informed EWCA/KFW of all experts other than key experts for whom time has been charged to the Co-Financing Agreement and that there is a written approval for the appointment and replacement of these experts.

3. AWF's personnel have carried out activities for the Co-Financing Agreement

(1) In addition to the procedures under 3.1.1.1 and 3.1.1.2 the Auditor obtains evidence, including where available independent, third-party evidence, that time charged for AWF's personnel pertains to Co-Financing Agreement activities. Evidence includes any other document which the Auditor considers appropriate, like:

- Monitoring and evaluation reports and memos obtained from EWCA/KFW;
- Reports, data compiled and documents drawn up by AWF and approved by EWCA/KFW (as well as other activity reports and its supporting documents and memos produced by AWF;
- Correspondence of AWF and AWF's personnel with project staff, the Project Manager and EWCA/KFW staff.

(2) The Auditor reports that evidence was obtained which makes it plausible that the time charged for AWF's personnel relates to Co-Financing Agreement activities. In case the Auditor has not been able to obtain such evidence, the reasons must be specified in the Auditor's report.

(3) Eligibility of Incidental Expenditure

The Auditor verifies the eligibility of incidental expenditure claimed with the terms and conditions of the Co-Financing Agreement. Verification of Incidental Expenditure – Verification Procedures and Criteria.

(4) Incidental expenditure actually incurred

The Auditor verifies that incidental expenditure was actually incurred by and pertains to AWF and that it had not already been charged in a previous Financial Report and invoice submitted by AWF for payment by EWCA/KFW. For this purpose, the Auditor examines supporting documents (e.g. invoices) and proof of payment. The Auditor also examines proof of work done, goods received or services rendered and he/she verifies the existence of assets where applicable. The Auditor verifies whether it is plausible that incidental expenditure was necessary for the implementation of the Co- Financing Agreement and that it had to be incurred for the Co-Financing Agreement activities by examining the nature of the expenditure with supporting documents. All incidental expenditure incurred should be declared and invoiced at actual cost.

(5) Covered by fee-rates

The Auditor verifies that incidental expenditure (including costs of office accommodation) is not already covered or supposed to be covered in the fee-rates for AWF's personnel and personnel other than experts.

(6) Classification

The Auditor examines the nature of the costs and verifies that these costs have been classified as incidental expenditure in the Financial Report.

(7) Verification of Incidental Expenditure: Specific Verification Procedures for Per Diems based on the requirements as per the Co-Financing Agreement.

The Auditor verifies the eligibility of the total amounts of subsistence i.e. per diems declared in the Financial Report for AWF's personnel who have performed missions

requiring at least 8 hours away from their normal place of posting as set in rules and procedures of beneficiaries or subject to applicable National legislation of the country and the Co-Financing Agreement. More specifically the Auditor verifies that the transportation allowances and per diem amounts declared in the Financial Report and included in the Statement of Expenditures to personnel contracted or employed by AWF and related to missions which were required for and to the total number of days performed for these missions.

As per Co-Financing Agreement, AWF can pay transportation allowances and per diems up to the amount set forth by the Ethiopian Revenues and Customs Authority (ERCA) for non-taxable transportation allowance and per diem.

The project has to follow the rules for the harmonization of DSA for donor-funded projects set forth by the Ministry of Finance and Economic Cooperation of the Federal Republic of Ethiopia (Mock) in co-ordination with the Development Assistance Group (DAG).

Per diem shall not be paid to beneficiaries (trainees) of training workshops and similar events. Meals and accommodation can be provided in such cases as in-kind contribution.

(8) Verification of goods, services and works purchased

The Auditor verifies that procurement rules have been followed for procuring goods, services and works.

The Auditor verifies that the goods, services and works have been delivered with the specifications made in the order (with respect to quantity and quality). Inspections of goods and assets will be carried out.

Section B: Guidelines for Specific Procedures to be performed

1. Verification Evidence

When performing the specific procedures listed in section A above, the Auditor may apply techniques such as inquiry and analysis, (re)computation, comparison, other clerical accuracy checks, observation, inspection of records and documents, inspection of assets and obtaining confirmations.

The Auditor obtains verification evidence from these procedures to draw up his report of factual findings. Verification evidence is all information used by the Auditor in arriving at the factual findings and it includes the information contained in the accounting records underlying the Financial Report and other information (financial and non-financial).

2. Verification of Fees and Expenditures

The fees and expenditure claimed by AWF in the Financial Report are presented under the following headings: A. Expenses to be reimbursed as per agreed unit prices; B. Expenses to be reimbursed upon proof (against submission of corresponding vouchers). These headings shall be broken down into subheadings.

Fees and expenditure subheadings can be broken down into individual fee and expenditure items or classes of expenditure items with the same or similar characteristics. The form and nature of the supporting evidence (e.g. a timesheet, a contract, an invoice etc.) and the way fees and expenditure are recorded (e.g. computerized time recording, journal entries) vary with the type and nature of the fees and expenditure and the underlying actions or transactions. However, in all cases fees claimed must relate to the fee rates agreed in the budget (Statement of Costs in Annex 6 of the Co- Financing Agreement) and the time worked as attested to by the timesheets.

3. Coverage of Verification of Fees and Expenditures

The Auditor must carry out a complete and exhaustive verification of all the fees and all expenditure claimed on the invoice and in the Financial Report.

4. Procedures to verify Fees and Expenditures

The Auditor verifies the fees and the expenditure by carrying out procedures 3.1 and 3.3 listed in section A and reports all the factual findings and exceptions resulting from these procedures. Verification exceptions are all verification deviations found when performing the procedures set out in section A.

The Auditor quantifies the amount of the verification exception found and the potential impact on the EWCA/KFW contribution, should EWCA/KFW declare the fee or expenditure item(s) concerned ineligible. The Auditor reports all exceptions found including the ones of which he cannot quantify the amount of the verification exception found and the potential impact on the EWCA/KFW contribution. The Auditor reports all exceptions found including the ones of which he cannot measure the financial impact.