

Appendix B**Reference no.:** UM2025/10202/NAIR**Date** 17-12-2025

Terms of Reference Framework Agreement for Audit and Advisory Services

1. Background

1.1 Embassy of Sweden in Nairobi

The Embassy of Sweden in Nairobi promotes bilateral relations between Sweden and Kenya, Somalia, Seychelles, and the Union of Comoros. It represents Swedish policies, interests, and values in political and economic relations, development cooperation, trade and investment promotion, and cultural and information matters. The Embassy also provides consular and migration services.

The Embassy manages development cooperation in Kenya and Somalia with the primary objective of reducing poverty. Sweden supports projects and programs in areas such as democracy and human rights, environment and climate, economic development, peace and security, humanitarian affairs, and health.

For more information, visit: www.swedenabroad.com/Nairobi

1.2 Previous Framework Agreement

The Embassy entered into a framework agreement for audit and advisory services in 2021 for an initial two-year period. The agreement was extended twice and ended in March 2025. The framework agreement has been fully utilized.

2. Scope of Assignment

2.1 Framework Agreement

The Embassy intends to enter into framework agreements with up to three audit firms per subdivision, provided they meet the requirements stated in the procurement documents. It is estimated that the agreement will apply from 1 May 2026 to 30 April 2028 (two years) and may be extended twice for 12 months each, under the same conditions.

The Embassy of Sweden in Nairobi serves the development cooperation in Kenya and Somalia. While planning new interventions, an assessment of the partner's capacity is carried out to safeguard Sida's funds and intended results. For this reason the framework agreement shall include capacity and internal control reviews.

During the monitoring phase of the projects and programs, there is a need for internal control assessments, value for money audits, spot checks such as expenditure verifications, efficiency audits, procurement audits and/or compliance audits etc. As a part of the assignment there is a need to conduct forensic/investigative audits if there is a suspicion on any misuse of funds, sexual exploitation, abuse or harassment. Since this is a special type of audit, the forensic services will be a sub-division in this framework agreement. See below for more information.

Sida's agreements stipulate that the partner is responsible to procure an annual audit according to ISA 800/805 standard for project/program support and ISA 700 audit for core support. This is normally procured by Sida's agreement partner. For this reason the framework agreement will mainly be used for other services as described above. However, in some cases the Embassy might choose to procure the financial audits for the partners. For this reason the framework agreement also includes financial audits.

The Embassy continuously work with capacity building of our partners to increase the quality of financial reporting, increase the understanding of proper financial management and how to set up a sufficient internal control environment to properly safeguard donor funding, increase the knowledge on how to detect and prevent fraud etc. For this reason, this framework agreement shall include capacity building services for financial management/internal control matters, including various trainings.

2.2 Objectives

The objectives of the audit and advisory services are:

1. To enable the Embassy to undertake various audits and related services, including financial assurance and non-assurance audits, spot checks, and efficiency audits etc.
2. To assist the Embassy and its partners in building internal capacity related to financial management and audit activities.
3. To conduct forensic/investigative audits on short notice when required.

Subdivision structure:

- Subdivision 1: Services 1–2 (various audits and capacity building)
- Subdivision 2: Service 3 (forensic audits)

Suppliers may tender for one or both subdivisions. Evaluation criteria will be similar but applied separately.

For example (only for illustrative purposes):

Subdivision 1: Services 1-2 (various audits and reviews, capacity building):

Ranking:

1. Firm Alfa
2. Firm Beta

3. Firm Gamma

Subdivision 2: Services 3 (forensic/investigative audits)

Ranking:

1. Firm Delta
2. Firm Gamma

2.3 Framework Structure

- Subdivision 1:
 - Assignments up to 180 working hours: ranked procedure.
 - Assignments exceeding 180 working hours: renewed competition.
- Subdivision 2:
 - Ranked procedure for all assignments.

The framework agreement does not guarantee any minimum volume of services.

2.4 Ranked framework agreement

For assignments up to 180 working hours for sub-division 1 (various reviews, capacity building) and for all assignments for sub-division 2 (forensic audits) the ranking order from the procurement evaluation is valid, where the supplier that is ranked number one will be called off first. The respective supplier shall always inform the Embassy if they do not have the possibility to offer the requested service or resource.

The supplier should inform the Embassy if there could be a possible conflict of interest with other assignments.

The assignment will be specified in a Terms of Reference specific for that assignment including competence level as well as start and end time for the assignment. If the ranked number one supplier cannot offer the requested services, the Embassy will contact the second supplier in the ranked order etc.

If the supplier does not submit their final report in accordance to the agreed submission date or in any other way not adhere to deliver as in accordance with the Terms of Reference for each call off, provided that it is the fault of the supplier, the Embassy of Sweden is permitted to give one subsequent call off to the next supplier in rank. If a supplier under the framework agreement consistently does not deliver as in accordance with ToR, the Embassy of Sweden reserves the right to terminate the agreement with the supplier.

2.5 Framework agreement with renewed competition for sub-division 1

For subdivision 1 (various reviews, capacity building) assignment exceeding 180 hours, the call-off can be viewed as a “mini procurement”. The Embassy will send a call-off

request to all tenderers under the framework agreement. The request is based on template in Appendix C (Call-off Renewed Competitive Tender), stating background of assignment, its objective, content, consultant qualifications sought, timetable, form of reporting etc. The supplier undertakes to answer the request within the time limits specified in the request. The supplier should inform the Embassy if there could be a possible conflict of interest with other assignments.

The Embassy shall award the assignment to the tender that is most economically advantageous as in accordance to the specified criteria. An example is shown in template Appendix C (Call-off Renewed Competitive Tender). The supplier will be awarded the assignment provided there is no conflict of interest.

2.6 Number of audits and working conditions

The extent of services cannot be predetermined. Audits will vary in length and complexity and may involve travel within Kenya and Somalia. The framework agreement does not guarantee any minimum volume of services.

2.7 Scope of work

As stated above, the framework consists of two subdivisions – one covering number 1-2 below and one covering number 3, i.e. forensic audits.

Subdivision 1 – various types of audits and capacity building

1. Audit services

The following main types of audit services could be requested from this framework agreement:

- a.** Financial audits/review/assessments according to international standard without assurance, for example:
 - In depth financial audits/reviews/assessments according to “Agreed-Upon Procedures” (ISRS 4400)
 - Consultancy reviews, i.e. reviews (if applicable) of existing auditor reports/reviews and related reports/assessments
 - Procurement audits in order to establish whether procurement processes follow national legislation and agreements, verification of technical and, physical compliance, price competitiveness of contracts, and review of contract administration and management.
 - Various types of Internal Management and Control Audits in order to examine if the organization is achieving its goals through:
 - o An effective organization
 - o Reliable reporting
 - o Compliance with applicable acts and ordinances
 - Spot checks including expenditure verification. This could include the need for investigative competencies/perspectives as well

- Other types of audit related services
- b. Various types of efficiency audits
 - Various kinds of assessment of whether the organization has capacity, competence and resources to achieve its goals, value for money audits etc.
 - An assessment of internal management and control as well as an assessment of the auditing process is often included
- c. Financial Audits including assurance engagement including:
 - Assess that the financial report is true and fair through substantive procedures and review of the internal control
 - Make a statement of the financial report in accordance with international standards issued by IAASB
 - Audit reports should always be accompanied with a management letter and management response.

Assignments can consist of a combination of the above-mentioned audit/review types. The assignments can include either pre-grant assessments before a planned development cooperation project, continuous reviews for on-going projects or follow up of already implemented projects or when there is a suspicion of irregularities.

2. Internal/ external Capacity Building and Support

The Auditor may be requested to provide training and advice for Embassy staff as well as counterparts. Advisory services in the elaboration of design of Terms of Reference for audits may also be included.

Subdivision 2 – Forensic Audits

3. Forensic Audits

- Investigations into suspected corruption, fraud, or irregularities
- Methods for managing sensitive information and security risks
- Document and signature verification
- Investigations into conflicts of interest, unauthorized collaborations, harassment (including sexual exploitation and abuse)
- Analysis of procurement irregularities, kickbacks, AML, and terrorist financing
- IT-based profiling, tracking, and data analytics for fraud detection

Assignments can consist of a combination of the above-mentioned review types.

2.8 Reporting

Draft reports must be submitted in Word format within a time frame specified in the separate call-off order. Final report must be submitted within two weeks of receiving comments. Reports must be in English and comply with agreed ToR. Major findings

should be presented in a meeting with the Embassy and, if agreed, with the concerned organization.

If requested by the Embassy, there should also be a yearly meeting between the Embassy and the auditor.

2.9 Consultant Profile

Consultants must meet the qualifications specified in the Procurement Document and individual assignment ToRs.

3. Budget

Maximum framework value: SEK 12,000,000 (excluding VAT). Estimated total: SEK 9,000,000, divided as:

- Subdivision 1: approx. SEK 5,000,000
- Subdivision 2: approx. SEK 4,000,000

No guarantee of minimum volume. If the maximum budget is reached, the agreement will terminate.

4. Schedule

It is estimated that the framework agreement will apply from 1 May 2026 to 30 April 2028 (two years), with the possibility of two extensions of 12 months each under unchanged conditions.