

Terms of Reference

Audit protocol for Horti-life III

Organisation	SNV
Project	Audit of Horti-Life III
Audit Period	Nov 1, 2023 – December 31, 2024
Location	On site
Duration	February 2025 – March 31, 2025

1. About SNV

SNV is a global development partner rooted in the African and Asian countries where we operate. With 60 years of experience and a team of approximately 1,600 people, it is our mission to strengthen capacities and catalyse partnerships that transform the agri-food, energy, and water systems to enable sustainable and more equitable lives for all.

2. Introduction

This protocol must be followed in auditing the annual accounts with activity identifiable prepared in respect of the activities 4000006867(23-000 1521) for which a contribution has been awarded under grant agreement 4000006867(23-0000 1521)

This audit protocol sets out the applicable principles and requirements and explains how the outcome of the audit must be reported.

The external auditor is engaged by counterparty SNV, *the applicant*. The donor may request that a review be performed, in consultation, to ascertain that the auditor has complied with the audit protocol.¹

3. Audit approach and standards framework

2.1. Audit approach

A.	Engagement to ascertain that the financial statements have been prepared in accordance with a special purpose framework pursuant to International Standards on Auditing (ISA) 805 mentioned under 3.A;
B	Engagement to perform agreed-upon procedures pursuant to International Standard on Related Services (ISRS) 4400 regarding the subjects mentioned under 3. B.

The audit must be carried out in accordance with generally accepted auditing standards and in particular the *International Standards on Auditing*; ISAs, of the International Auditing and Assurance Standards Board (IAASB).

The agreement and this protocol refer to financial statements drawn up on the basis of the cash accounting system (expenditures and receipts) or accrual accounting system (costs and revenues). The accounting policies should be selected on the basis of the system used by the applicant in preparing the annual financial statements. The accounting policies should be selected based on the system used by the applicant in preparing the annual financial statements. The accounting policies used in the approved budget submitted for the grant application must correspond with those used in the related financial statements. They must also be consistent with the annual financial statements. Any changes to the system must be accompanied by explanatory notes and figures.

2.2. Standards framework

The following standards framework applies to the grant:

¹ Government Accounts Act, section 6.3.

- Decision awarding grant 23-0001523 (4000006868), including related appendices

A comprehensive summary of the review points relevant for the financial statements and the auditor is given in chapter 3 of this audit protocol. However, it is the auditor's responsibility to identify any required revisions to the list below based on the auditor's review of the applicable audit requirements and guidance.

Scope of work/Deliverables

A. Audit of financial statements prepared in accordance with a special purpose framework pursuant to ISA 805

The aim of the audit of the financial statements is to establish whether they meet the requirements laid down in the standards framework referred to in section 2.2 of this protocol. The auditor must ascertain that:

1. If the accrual accounting system has been used, the explanatory notes mention which portion of the costs was paid within the period covered by the financial statements and which amount has been recognised for items that are payable.
2. expenditures (or costs) have been properly recognised and that expenditures (or costs) are related to the activities mentioned in the contribution agreement.
3. receipts or revenues have been recognised in full and that revenues have been received. The auditor will examine consistency with the revenue sources included in the approved budget and use their knowledge of the organisation, for example in relation to the auditing of annual financial statements.
4. the financial statements are structured with the same level of detail and with the same cost/expenditure categories as the submitted and approved budget. The budget must also be recorded in the financial statements.
5. expenditures/costs are evidenced by supporting documents. The auditor must determine on the basis of their professional judgement whether the supporting documents suffice as audit information/evidence and are appropriate to the nature of the activity and the accompanying approved budget.
6. discrepancies of more than 10% per budget line between the actual figure and approved budget are explained.
7. the accounting policies used are explained in the financial statements and are consistent with the approved budget and the annual financial statements.
8. the system for allocating indirect costs/overheads to the activity is explained in the explanatory notes. The auditor must assess whether the allocation system has been used in the financial statements in accordance with the explanatory notes to the financial statements and with the approved budget. The associated audit activities are carried out in conjunction with those described at 9, namely ascertaining that expenditures/costs are recharged on the basis of actual expenditures/costs.
9. expenditures/costs are recharged to the funded activities on the basis of actual costs. This means that the applicant for the funds adopts a consistent approach in allocating indirect expenditures/costs and that retrospective costing takes place each year. If not yet available at the time of the audit, the retrospective costing for the year under review T-1 may be used. In the event of departure from this consistent approach in the allocation system, the applicant must have included an explanatory note in the financial statements.
10. The selected external invoices are compliant with the organisation's procurement policy and that suppliers are selected objectively by inviting multiple bids from a threshold amount of EUR 33,000 upwards. Any departures must be explained by the organisation in the financial statements.
11. The number of hours and hourly rates claimed for internal and external staff where the hourly rate exceeds a threshold of EUR 225 per hour (excl. VAT) has been explained by the applicant in the financial statements. The total amount concerned must be included in the financial statements

Materiality

The auditor will seek reasonable assurance which, when the statistical sampling method is used, means a minimum reliability level of 95%. In other words, the auditor will plan and perform the

audit to obtain this level of assurance about whether the financial statements are free of material misstatements and/or uncertain.

The following materiality levels apply when performing the audit.

Benchmark	Materiality
Reported expenditures/costs	2%

Type of audit opinion	Unqualified	Qualified	Disclaimer	Adverse
Accounting errors and uncertainties in the audit	≤2%	> 2% - ≤ 4%	Uncertainties > 4%	Errors > 4%

The auditor must prepare the audit opinion in accordance with the requirements set out in section 4 of this audit protocol. If the auditor encounters both accounting errors and uncertainties in the audit while performing the audit, these errors and uncertainties should always be considered individually and together when drawing up the audit opinion.

List of Deliverables, Outputs and Quality		
Deliverables	Outputs per Deliverable	Quality Expectations
Engagement Letter	Engagement letter Submitted and signed by SNV.	Prepared in accordance with the applicable auditing standards.
Entrance & exit conferences	Remote entrance and exit conferences with SNV scheduled and held.	Communicate information to SNV regarding the nature and extent of planned testing and reporting on compliance with laws and regulations and internal controls financial reporting.
Pre-Audit document review	List of documents reviewed	Review all documents that direct/" relate to the objectives of the audit, as necessary to successfully complete the required
Audit timeline		
	Submission date	Expectation
Commencement Date	1-March-2025	The official start of the audit process.
Draft audit report	20-March-2025	The auditor is expected to submit a preliminary version of the audit report for review and feedback
Final report	30-March -2025	The final, revised report is submitted, incorporating any necessary adjustments based on feedback from the draft report.

4. Reporting

This section explains how the auditor must report on their activities.

Statutory audited financial statements.

This report shall be the statutory audited financial statements of the organisation.

The Audited Financial Statement or the notes must clearly state the recognized grant income from the EKN for the reported fiscal year. If the stated income from the EKN is different from the actual payment made by the embassy in the reported fiscal year, either in amount or in currencies, an explanation or reconciliation note must be submitted accompanying the Audited Financial Statements.

The Audited Financial Statements or the notes to the Financial Statements must also clearly state the recognised expenses incurred using the EKN funding for the fiscal year. If the stated expenses incurred using EKN funding differ from the total expenses reported in the Financial Report (as per clause 1.4), due to currency exchanges, differences in reporting periods, or any other reasons, an explanation or reconciliation note must be submitted to the EKN accompanying the Audited Financial Statements.

4.1. Audit opinion

The auditor must issue an audit opinion in accordance with the requirements of standard ISA 805 upon completing the activities described in part 3.A. A model opinion is available on the IAASB's website.

The auditor must also ensure a suitable way of identifying the financial statements on which the audit opinion will be issued.

5. Minimum Qualifications

Each organization must meet the following minimum qualifications.

- 5.1. Properly licensed to practice public accounting as a CPA firm or international equivalent.
- 5.2. properly renewal licence and get updated license from the regulatory body responsible for licensing accounting and auditing professionals AABE. (applicable for Ethiopia)
- 5.3. Independent of SNV.
- 5.4. Have no undisclosed real, apparent, or perceived conflicts of interest with respect to SNV and within the context of the Scope of Work. Should the bidder be aware of such potential conflicts of interest, the respondent acknowledges and agrees that it has made or will cause to be made a disclosure of each such instance.
- 5.5. Is not suspended, debarred, or proposed for debarment by any government.
- 5.6. Has not been subject to any professional disciplinary action during the last three years. If the bidder has been subject to such disciplinary action, details of such information should be declared. This may be provided under separate cover and declared proprietary, if desired.
- 5.7. Has prior experience auditing organizations following ISA Standards
- 5.8. Designated signing partner has prior experience auditing international NGO.

Please use two forms/declarations found at the last page of this ToR.

Proposals that meet all the above listed criteria would be eligible for financial evaluation.

VI. Submission Guideline and Application submission date:

Interested and qualified applicants who meet the qualification stated above, should submit their proposals as indicated below.

Both the Technical and Financial proposals should be submitted in a separate email to ettenders@snv.org.

Title of the specific assignment "**Annual Audit for Horti-Life III**" should be mentioned in the email subject.

SNV will not be responsible for proposals submitted without indicating title of the assignment ("**Annual Audit for Horti-Life III**") on the subject of the email.

Proposals must be received by SNV Addis Ababa office to the address below no later than **February 28, 2025**, 17:00 (5:00PM) close of business.

All submissions should be sent to: Via email to **ettenders@snv.org**.

Annex A- Conflict of Interest Form

I / We, _____ hereby declare to Stichting SNV Nederlandse Ontwikkelingsorganisatie (SNV) that the following is true to the best of my knowledge:

Question	Response
Have you or any employee or staff member of your organisation or firm, ever been employed by SNV?	<i>Yes or No (If yes provide the name of the person in your organisation, and a description of the employment period, including job title, the duration of the employment period, the country of employment.</i>
Is any employee or staff member of your firm, company or organisation related (by blood, marriage or otherwise) to any employee of SNV?	<i>Yes or No (If yes provide the name of your staff and the name of the SNV staff member they are related to. State the nature of the relationship)</i>
Are there any other potential conflicts of interest between you/your firm, company, or organisation and SNV or any of our donors, partners, staff, offices, contracted consultants, or vendors?	<i>Yes or No (If yes provide details)</i>
Have you or any employee or staff member your organization/firm taken adverse action against SNV?	<i>Yes or No (If yes provide details)</i>
Any other relevant disclosures?	<i>Yes or No (If yes provide details)</i>

Bidders Name: _____

Representative Name: _____

Signature: - _____

Date: _____

Stamp

Annex B- LITIGATION HISTORY DECLARATION

I (_____) of Phone number (_____) in the Federal Republic of ETHIOPIA make oath and state as follows:

1. **THAT** (_____) has not been suspended, debarred, or proposed for debarment to participate in tenders in Ethiopia.
2. **THAT** we have never been involved in corrupt practices, neither shall we offer or facilitate, directly or indirectly, any inducement or reward to any public officer, their relations or business associates, in connection with this Tender
3. **THAT** I swear this affidavit to confirm that my Company has no pending litigation of claim expected whatsoever.
4. **THAT** I swear this affidavit conscientiously believing the same to be true and correct in accordance with the Law of Ethiopia.
5. We have not been subject to any professional disciplinary action during the last three years. (If the bidder has been subject to such disciplinary action, details of such information should be declared).

SWORN by the said:

Bidders Name: _____

Representative Name: _____

Signature: _____

Date: _____

Stamp