

Terms of Reference

External Audit Services to RECONOMY Program

1. Background

Helvetas is an independent development organization based in Switzerland with affiliated organizations in Germany and the United States. Helvetas supports poor and disadvantaged people and communities in almost 40 developing and transitional countries in Africa, Asia, Latin America, and Eastern Europe. Helvetas is committed to a just world in which all people determine the course of their lives in dignity and security, sustainably using environmental resources. Helvetas tackles global challenges at various levels: with projects on the ground, expert advice, and advocating for conducive framework conditions benefiting the poor. This triple commitment is empowering people and transforming lives. Helvetas follows a multi-stakeholder approach by linking civil society actors, governments, and the private sector.

RECONOMY is funded by the Swedish International Development Cooperation Agency (Sida) and implemented by HELVETAS Swiss Intercooperation. Helvetas partnered with Sida to facilitate an inclusive and green economic development program in the Eastern Partnership (Armenia, Azerbaijan, Georgia, Ukraine, Moldova) and the Western Balkan (Kosovo, North Macedonia, Albania, Montenegro, Serbia, and Bosnia and Herzegovina) regions.

The main goal of RECONOMY is to enable women and youth, including the most disadvantaged and excluded, to benefit from economic opportunities by increasing their income and taking up decent and green jobs inclusively and sustainably.

The Program was launched in 2020, with the Inception Phase that ended for the Eastern Partnership countries in December 2022 and in March 2023 for the Western Balkans, with an overall budget of approximately 7.4 million CHF. The Program worked through different implementing partners, aligning the reporting and governance systems with the standards of Helvetas and Sida.

The RECONOMY Main Phase is foreseen for four years, starting in January 2023 for the EaP region and in April 2023 for the WB region. Main Phase will last till the end of December 2026 with an expected budget volume of 17.4 million CHF. Given the regional nature of the Program, the team is dispersed over several countries, with key management functions located in Bern and Zurich, Switzerland. RECONOMY implements the Program across a wide region of 11 countries, with its own staff and as well through the Implementing Partners engaged in regions. Approximately 8 Mil CHF from the total budget is estimated to be forwarded to the Implementing Partners.

The Program Facilitation Unit (PFU) leads the overall management and coordination of the Programme aligned with Helvetas rules and processes while reporting regularly to Sida. The Program has set up necessary systems and processes that would allow the Program to operate regionally and ensure quality and adequate finance and risk management systems aligned with the rules and regulations of Helvetas and, most importantly, Sida. The financial and administrative processes of RECONOMY are integrated into the Helvetas institutional setup and the organization's accounting system. Financial reporting, including the audit process, remains an area of ongoing adaptation to meet Sida's requirements and accommodate a regional program's complexity.

More information about the RECONOMY Program is in the annexes.

2. The scope of the Audit

Helvetas would like to engage four years of services of an audit firm to audit on yearly basis the RECONOMY Program Main Phase as stipulated in the Agreement between Helvetas and Sida. The Audit shall be carried out in accordance with International Audit Standards (ISA) issued by IAASB¹ and International Standards on Related Services (ISRS) 4400 (Revised) as per Sida's "Standard Terms of Reference for Annual Audit of Project/Programme Support, including ISRS 4400 (Revised)" (enclosed).

The main objectives of auditing will be:

- To audit the financial reports for the period 01.01.2023 to 31.12.2026 on annual basis as submitted to Sida and to express an audit opinion according to ISA, applying ISA 800/ISA 805, on whether the financial reports of RECONOMY Program Main Phase are in accordance with Helvetas accounting records and Sida's requirements for financial reporting as stipulated in the Agreement including appendices between Sida and Helvetas.
- An additional assignment, Agreed upon Procedures (AuP), shall be carried out on annual basis according to ISRS 4400 (Revised).

The Audit Reports should include:

- An independent auditor's report in accordance with the format in standard ISA 800/805.
- Management Letter that discloses all audit findings.
- Agreed-upon Procedures report in accordance with the requirements in the International Standard on Related Services 4400 (Revised).

The audit reporting timelines:

The required timetable for audit fieldwork, as well as for issuance of the final reports, should be as follows:

Events	Scheduled time
Risk Analysis and Planning	October- November
Audit Process	April*
Audit Draft Reports for ISA 800/805 incl. Management Letter and Agreed-upon Procedures	The second week of May
Audit final reports, debriefing, and outlook	The last two weeks of May

**The RECONOMY audit must be coordinated with the Helvetas HO Audit, therefore the timeline of the Audit process may slightly differ from year to year.*

3. Technical Proposal

In the Technical Proposal, the audit firm should:

- *Firm Profile:* Provide a brief overview of the audit firm, including name, location, size, and any key statistics that showcase the presence and history in the Audit.

¹ The International Auditing and Assurance Standards Board (IAASB)

- **Team Expertise:** Describe the qualifications and experience of the audit team members who will be assigned to the engagement. Highlight their relevant certifications, field of expertise, and any specialized skills that make them suitable for the Audit.
- **Experience:** Present the firm's auditing experience, especially working with international development programs, organizations, and not-for-profit organizations. Mention any notable clients or projects that demonstrate it.
- **References:** Present references or case studies that showcase the firm's successful completion of similar audit programs/projects, underscoring the organizational capabilities.
- **Quality Control:** Explain the firm's quality control procedures and adherence to auditing standards (e.g., Generally Accepted Auditing Standards or International Standards on Auditing). Emphasize how these procedures ensure the accuracy and reliability of audit outcomes.
- **Resources:** Detail the resources available to the audit team, including using advanced auditing software and technology. Explain how these resources enhance the efficiency and effectiveness of the audit process.
- **Timelines:** Provide assurances regarding the firm's ability to complete the Audit within the specified timeline. Mention any measures in place to ensure the Audit stays on schedule.
- **Independence and Objectivity:** Highlight the firm's commitment to independence and objectivity in conducting audits. Discuss any policies or safeguards in place to prevent conflicts of interest.
- **Client Relationships:** Mention the firm's approach to building strong client relationships and its dedication to understanding your organization's unique needs and goals.
- **Communication:** Describe how the audit firm will communicate throughout the audit process, including regular progress updates and opportunities for feedback.

4. Financial Proposal

Considering the above information and enclosed Annexes, the Financial Proposal should consist of the following structure:

No.	Services	Fee (in CHF)
1.	Audit of the annual financial report for RECONOMY Program Main Phase according to ISA 800/ISA 805	
2.	Management letters on the audit findings and weaknesses identified during the audit process	
3.	Performance of Agreed-upon Procedures according to ISRS 4400 (Revised)	
	Total recurring audit fees per year (2023 – 2026)	

Notes to the Financial Proposal:

- The audit fee of the annual financial report for the RECONOMY Program Main Phase should be valid for years 2023, 2024, 2025, and 2026, and must be VAT inclusive.
- The Performance Report on Agreed-upon Procedures fee might slightly depend on the number and complexity of the procedures predefined by Helvetas / Sida and should be negotiated beforehand with Helvetas.