



TERMS OF REFERENCE FOR EXTERNAL AUDIT SERVICES

ATIN:2023/08/EXTERNAL-AUDIT-SERVICES/09

1. Background

The African Regional Intellectual Property Organization (ARIPO) is an Intergovernmental Organization created in 1976 under the Lusaka Agreement concluded under the auspices of the United National Economic Commission for Africa (ECA) and the World Intellectual Property Organization (WIPO). Membership in the Organization is open to all African Union members (AU) states. Presently, members of the Organization include Botswana, Cape Verde, The Kingdom of Eswatini, The Gambia, Ghana, Kenya, The Kingdom of Lesotho, Liberia, Malawi, Mauritius, Mozambique, Namibia, Rwanda, Sao Tome and Principe, Seychelles, Sierra Leone, Somalia, Sudan, Uganda, United Republic of Tanzania, Zambia, and Zimbabwe. (Total: 22 states).

The work of ARIPO is co-coordinated through a Secretariat headed by the Director General. The Secretariat is responsible for, among other things, submitting annual audited financial statements to the Administrative Council through the Audit Committee. The organization's financial statements are prepared in accordance with International Public Sector Accounting Standards (IPSAS). The financial statements are required to be audited by a duly registered independent External Audit Firm with international recognition. The ARIPO Secretariat is based in Harare, Zimbabwe.

ARIPO intends to engage an independent external auditor for a three-year, renewable once, subject to performance.

2. Objective of the External Audit

The objective of the external audit is:

- (a) To provide a professional audit opinion in accordance with International Standards on Auditing (ISA) on whether the financial statements of ARIPO present fairly, in all material respects, the financial position of the organization for the year in accordance with International Public Sector Accounting Standards IPSAS;
- (b) To provide reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and issue an auditor's report that includes an opinion;
- (c) To provide reasonable assurance that the financial statements of ARIPO, in all material respects, are in conformity with the applicable Financial Rules and Regulations and policies;
- (d) To provide reasonable assurance that the basis for preparation of the financial statements reflects the financial transactions in respect of the Secretariat and that it maintains adequate internal controls and supporting documentation for transactions.
- (e) To identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for an opinion.
- (f) To evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (g) Review the appropriateness of the Administrative Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organisation's ability to continue as a going concern. Additionally, to draw attention in the auditor's report to the related disclosures in the financial statements if there is a conclusion that a material uncertainty exists;
- (h) To evaluate the financial statements' overall presentation, structure, and content, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and,
- (i) To communicate with the Administrative Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls identified during the audit.

3. Scope of the Audit

- 3.1 The audit will be carried out in accordance with the standards specified in 2 (a) above and will include such tests and verification procedures as the auditors

consider necessary under the circumstances. In conducting the audit, special attention should be paid to the following:

- (a) Carry out tests of transactions as necessary, in order to obtain an understanding of the accounting system, assess its adequacy as a basis for the preparation of the financial statements, and establish whether adequate records have been maintained as required by the ARIPO Financial Rules and Regulations, Financial Manual and other applicable policies.
- (b) Conduct an in-depth and exhaustive review of the internal control systems to have sufficient knowledge of the procedures underpinning the systems, as contained in the ARIPO Financial Rules and Regulations, Financial Manual, and other applicable policies.
- (c) Confirm that although the responsibility for preventing irregularity and fraud remains with the Secretariat, the audit has been planned to have a reasonable expectation of detecting material misstatements in the financial statements;
- (d) Confirm that goods, works, and services have been procured in accordance with sound procurement procedures spelled out in the ARIPO Procurement policy, Financial Rules and Regulations, and other applicable policies; and,
- (e) Confirm that the Financial Statements have been prepared in accordance with acceptable accounting practice and give a true and fair view of the financial position of the Secretariat as at the end of the financial year.

3.2 The above-defined scope does not restrict the audit procedures or the techniques that the auditor may wish to use in forming an opinion on the Financial Statements being audited.

3.3 In complying with International Standards on Auditing, the auditor is expected to pay particular attention to the following matters:

- a. **Fraud and Corruption:** Consider the risks of material misstatements in the financial statements due to fraud as required by International Standards on Auditing regarding Auditor's Responsibility to Consider Fraud in an Audit of Financial Statements. The auditor is required to identify and assess these risks (of material misstatement of the financial statements) due to fraud, obtain sufficient appropriate audit evidence about the assessed risks, and respond appropriately to identified or suspected fraud;
- b. **Laws and Regulations:** In designing and performing audit procedures, evaluating and reporting the results, consider that noncompliance by the Secretariat with laws and regulations may materially affect the financial statements as required International Standards on Auditing regarding consideration of Laws and Regulations in an Audit of Financial Statements;

- c. **Governance:** Communicate audit matters of governance interest arising from the audit of financial statements with those charged with governance of an entity as required by International Standards on Auditing regarding Communication of Audit Matters with those Charged with Governance.
- d. **Risks:** In order to reduce audit risk to an acceptable low level, determine the overall responses to assessed risks at the financial statement level, and design and perform further audit procedures to respond to assessed risks at the assertion level as required by Internal Standard on Auditing regarding the Auditor's Procedures in Response to Assessed Risks.

4. Outputs/Deliverables

The auditor is expected to present the following reports:

- (a) An opinion on the Financial Statements prepared by the Secretariat;
- (b) A Management Letter containing appropriate recommendations; and,
- (c) A report to the Audit Committee highlighting;
 - i. the audit results, key audit matters, and a report on any potential threats to the external auditor's independence;
 - ii. Comments and observations on the accounting records, systems, and controls that were examined during the course of the audit;
 - iii. Specific deficiencies and areas of weakness in systems and controls and recommendations for improvement;
 - iv. Matters that have come to the external auditor's attention during the audit which might have a significant impact on the operations of the organization;
 - v. A Report on the implementation status of recommendations pertaining to previous period audit reports;
 - vi. Areas of risk that need to be flagged out to the Administrative Council; and
 - vii. Any other matters that the auditors consider pertinent to be brought to the attention of the Administrative Council.

5. Auditor's Qualification and Experience

The auditor must be completely impartial and independent from all aspects of management or financial interests of the organization and must comply with the following;

- (a) The auditor shall be a duly registered firm with international recognition and must demonstrate the presence of adequate staff with appropriate professional qualifications and suitable experience in accounting and auditing the accounts of entities comparable in size and complexity to ARIPO;
- (b) The Curriculum Vitae (CV) of the Engagement Partner who shall be responsible for signing the opinion, together with the CVs of managers, supervisors, and key personnel proposed as part of the audit team, must be provided. The CVs shall include details of audits carried out by the concerned staff, including ongoing assignments indicating capability and capacity to undertake the audit. Additionally, all the audit team members must be affiliated to appropriate professional bodies.

6. Timelines

The organization will be contracted to audit the financial statements of the organization for the financial years 2023, 2024, and 2025.

7. Reporting

The external audit firm shall report to the Audit Committee.

8. Submission of Proposals

Interested duly registered external audit firms with international recognition should submit their technical and financial proposals, clearly indicating Expression of Interest (EOI) for consultancy services for External Audit to the Director General of ARIPO, **by email at procurement@aripo.org on or before 8 September 2023**. The technical proposal shall highlight the audit approach, methodology, internal governance processes and must include curriculum vitae and copies of qualifications of the Engagement Partner and the team members, and other relevant supporting documents. The reference to be indicated on the subject on email submission is: **“ATIN:2023/08/EXTERNAL-AUDIT-SERVICES/09”**.