

REQUEST FOR PROPOSALS
FOR
THE AUDIT OF COWATER INTERNATIONAL MOZAMBUQUE BRANCH FOR THE YEAR ENDING 31
DECEMBER 2025 (01 January 2025 – 31 December 2025)

TERMS OF REFERENCE

Background

Cowater International Inc. is a global leader in management consulting services, focusing on developing and emerging economies. The company works with Governments, partner organizations, communities and civil society to design and implement sustainable solutions that generate lasting social, financial, and environmental impact. The company is headquartered in London, United Kingdom.

Cowater International is implementing a Technical Assistance project titled “**Taxing Efficiently for Developing Inclusively (TEDI)**”. The project is funded by UK’s Foreign, Commonwealth and Development Office (FCDO) and, as of December 2022, also the Swedish International Development Cooperation Agency (SIDA).

The FCDO, together with the SIDA, have committed £12 million over 6 years. The project started in January 2020 and is due to end in September 2026.

The Programme

The overall objective of TEDI is to contribute to strengthening economic management for inclusive growth by assisting the Government of Mozambique (GoM) in raising tax revenues efficiently and equitably and increasing tax compliance. The TEDI project’s beneficiaries and counterparts are the Mozambican Revenue Authority (MRA) and the Ministry of Economy and Finance (MEF).

The project envisaged to make significant contributions to the achievement of the following outputs:

1. The MRA’s capacity is increasingly strengthened to improve audit performance.
2. The MRA’s capacity is increasingly strengthened to enable a more efficient and effective administration of the Extractives Industry Tax Regime.
3. Tax policy skills and capacity within MEF are strengthened to inform a more evidence-based and equitable tax policy process.
4. The Mozambican tax system demonstrates increasing responsiveness to GESI considerations.

The Assignment

Cowater International wishes to engage the services of an external audit firm for the purpose of auditing the TEDI project’s financial statement and accounts for the one-year period, 01 January 2025 – 31 December 2025, as required within the Cowater International corporate policies and FCDO rules.

The audit shall be carried out in accordance with the International Standards on Auditing (ISAs) issued by the International Federation of Accountants (IFAC).

In conducting the assignment, the Auditor shall apply a high standard of transparency, professional scepticism and accountability, with due regard to donor assurance requirements and international good practice for audits of donor-funded programmes. The audit approach shall ensure that sufficient, appropriate, and independent evidence is obtained to support all findings and conclusions.

The audit shall be carried out by an external, independent and qualified auditor (Certified Public Accountant / Authorized Public Accountant) who is a member of a globally recognized and reputable professional accounting body.

Objectives of the Audit

The purpose of the audit is to express a professional audit opinion in accordance with ISA on whether the project's financial reports and Cowater International invoices to FCDO, in all material respects, reflect a true and fair view of Cowater International's expenditures on the TEDI project for the financial year ending 31 December 2025; and to confirm that the funding provided by FCDO to Cowater International for the delivery of the project has been spent in accordance with the contract, including providing assurance that suitable controls are in place to ensure that funds are properly accounted for over the period.

Specifically, the TEDI External Audit will cover the following objectives:

1. **Information sharing and transparency:** The Auditor shall share all preliminary draft, and raw audit findings identified during fieldwork — including initial observations, exceptions noted, and draft factual findings — simultaneously and in full with both Cowater International and the Foreign, Commonwealth and Development Office (FCDO). This sharing shall take place prior to the development, discussion, or agreement of recommendations, management actions, or management responses, in order to ensure transparency, independent donor oversight, and the integrity of the audit process.
All written responses, comments, or clarifications provided by Cowater International to the Auditor in relation to any preliminary findings, draft reports, or draft factual findings shall be shared simultaneously with, and copied to, FCDO at all stages of the audit process.
2. **Contractual compliance:** To confirm that the project management is compliant with FCDO contractual and Cowater International corporate obligations to the contract. This will also include confirming that all financial management practices, including but not limited to administrative, contractual, financial and legal practices are in line with best practices. The auditor will verify the following for compliance with both best financial management practices and the financial manual:
 - a. Authorisation and approval of expenditures
 - b. Segregation of duties
 - c. Documentation of expenditures.
3. **Financial Management:** To assess the control environment and confirm that financial management of the project has been carried out to the best financial management practices, approved project financial manual and generally accepted accounting standards.
4. **Management of Long Term and Short-Term Staff and Consultants:** Verification of the staff/consultants' timesheets, billing rates, and associated expenses to ensure they are in line with the contract and FCDO guidelines.

5. **Expenditure and reporting verification:** Verification and confirmation, on a sample basis, that reported expenditure and other financial reports issued by the project are accurate and a true reflection of the project's financial activities. This will also include the verification, on a sample basis, of the actual spend as well as a verification of fees, subsistence allowances, transportation allowances (if any), and any other allowance for compliance with policies and FCDO guidelines.
6. **Contracting and procurement:** To establish and confirm that transparent, accountable, and appropriate procurement and contracting practices are established and are being implemented.
7. **Regulatory and tax compliance:** To establish that the regulatory obligations of the project and confirm that all requirements have been met by the TEDI project.
8. **Asset Management:** To review the procedures around the use of project assets (specifically the office project vehicle) in the local office and the sufficiency of controls.

The audit will express an opinion on whether the financial position of the project is presented fairly in all material respects. This includes matters within the above objectives by the finance/project management team.

Scope of the Audit

1. FCDO Contractual Compliance

The audit requires a review of TEDI's financial and contractual management practices, and confirmation that these practices are aligned with the FCDO contract requirements:

1. Establish Project's compliance to FCDO contractual and instructional obligations
2. Perform a compliance check across the project's activities

2. Financial Management

The audit will review and assess TEDI's financial management practices, procedures and processes; internal controls; and reporting along the following:

1. Cash and Bank Management.
 - Obtain an understanding of the project's current cash management practices
 - Review cash management policies, procedures, and guidelines
 - Review internal controls around cash and bank management
 - Assess efficiency and timeliness of disbursement of funds
 - Verify whether expenditure of the project's funds is approved at the correct level of delegated authority. This includes initial approval to incur expenditure and the payment of claims, invoices, salaries, allowances, and any other items of expenditure charged to the project's budget

2. Invoicing Management

- Obtain an understanding of all aspects of the project's invoicing management policies and processes
- Assess FCDO invoicing and payments arrangement
- Confirm accuracy of all invoices to FCDO, including proper approval and authorisation

3. Budgeting and Forecasting Management

- Assess TEDI's internal controls with respect to budgeting and forecasting, including confirming if the timelines and variance thresholds were adhered to

4. Audit and Assurance

- Verify and assess TEDI's assurance and risk management processes. Confirm if all risks identified in the risk register have been followed up on and mitigated, including but not limited to risks reported through:
 - Yearly audit reports
 - Quarterly financial and technical reports
 - Periodic risk registers

5. Financial Systems, Internal Controls, Policies and Procedures

- Assess TEDI's system for internal controls, policies, and procedures and their effectiveness with respect to activities and performance

3. Contracting and Procurement

1. General Procurement

- Assess the effectiveness of procurement and contracting across all contracting methods. This includes service contracts (including consultancies and other service providers) and procurement of goods (if any).
- Assess TEDI's susceptibility and mitigation with respect to procurement risks, including fraud, conflicts of interest and compliance with ethical principles as contracted with partners
- To assess and confirm the completeness of procurement process documentation.
- Verify that the project's goods and services have been procured in accordance with the guidelines included in the FCDO contract

2. Review if segregation of duty, procurement thresholds, calls for bids, evaluation of bids and proposals and approval/signature of contracts and purchase orders are in place, and provide explicit recommendations and actions on procedures not in place or in place but not applied
3. Review the procurement procedure and verify whether sufficient controls have been applied to obtain the best price and quality combination
4. For the Procurement Fund (total £3 million), verify that the requisite procurement processes and procedures are followed in line with the Memorandum of Understanding between the FCDO and the GoM

4. Expenditure and Reporting Verification

This will involve a verification of a reasonable sample of TEDI's direct expenditure. The sample should be sufficient to effectively address the audit scope. We propose at least 70% coverage.

1. The Auditor shall clearly document the audit sampling methodology applied, including the rationale for sample selection, coverage achieved, and any limitations encountered. All sampled transactions and supporting documentation reviewed shall be traceable, retained in the audit working papers, and made available for review by Cowater International and FCDO upon request.
2. Verify that expenditure of the project's funds has been disbursed, used, and accounted for in accordance with the terms and conditions of the contract with FCDO, the Procurement Fund Manual and other relevant project guidelines, with due attention to value for money, and only for the purposes for which the funds were provided (confirmation of the amount of funds disbursed and outstanding balances should be provided directly to the auditors by FCDO), including an assessment of:
 - i. Whether the Payment by Result (PBR) payments are appropriate based on the actual level of effort expended by TEDI, and the fee rates agreed in the contract
 - ii. Whether the actual expenses are in line with the expenses fee charged by TEDI in the invoices
 - iii. Whether the actual profit margin is in line with contractual rate
3. Verify that records of transactions include accurate information regarding any variations in currency exchange rates, where relevant. The audit will ascertain that consistent and transparent methods and rates of conversion were applied in translating all local transactions by TEDI in line with agreements with FCDO or market/bank rates with a view to matching amounts budgeted in GBP with actual amounts paid in MZN or any other currency.

5. Asset management

1. Assess Inventories and assets registers to verify that they are complete and accurate; and to ensure that they are being used for the intended purposes of the project
2. Review the assets register to ascertain:
 - a. The physical existence, location and conditions of the project assets
 - b. The register is up to date with information showing existence, location, and condition of assets
 - c. All assets transferred from other projects (if any) are properly recorded in the assets register
 - d. All direct purchases of goods are properly recorded in the assets register

Expected Deliverables

The auditor shall produce the following:

1. A **Programme Audit Report**, which will contain:
 - Assurance that the audit was performed in accordance with ISA
 - A clearly stated auditors' opinion and responsibility in accordance with the format in the ISA
 - Factual findings by the auditors, clearly rated in order of priority
 - A detailed audit issues log (or findings matrix) clearly distinguishing between: (i) factual audit findings identified by the Auditor; (ii) management responses provided by Cewater International; and (iii) the Auditor's final recommendations. Factual findings shall be documented and shared in accordance with the information sharing requirements set out above prior to the agreement of recommendations.
 - All management responses included in the findings matrix shall be those formally shared with both Cewater International and FCDO in accordance with the information sharing requirements set out under the Objectives of the Audit
 - A summary of progress against management actions from previous external audit(s), including auditor verification of implementation, assessment of whether actions adequately address the original findings, and identification of any outstanding or recurring fiduciary risks.
 - A risk report defining risk, key findings and risk profile associated with those findings.
2. A **Management Letter**, which will contain:
 - Key findings or areas of control lapses
 - Recommendation on the key findings
 - Management response to those recommendations

The Management Letter shall not amend, suppress, or re-characterize factual audit findings previously shared with Cowater International and FCDO, but shall clearly reflect management responses and agreed actions in response to those findings.

Both the audit report and the management letter shall be signed by the respective parties.

For the assignment, the external audit team will be liaising directly with the Project Management Unit for TEDI, which includes the finance team and project management team.

Timeframe

It is expected that the assignment should take two (2) weeks for fieldwork and one (1) week for reporting, while giving at least two (2) weeks for management responses.

The assignment must be completed no later than **15th August 2026**.

To Apply

Request for Proposals must be submitted via email to the address on or before the **Thursday, 07 July 2026** and must be specifically marked “**RfP for Audit**”: tenders@tedimozambique.com

Interested consultants may obtain further information at the email address provided above during office hours between 09:00 AM to 05:00 PM (UTC+2) Monday – Friday. Deadline for submission of questions on the TOR will be 22 June 2026.

Procurement Event	Timeline
Issue of RFP with full TOR	16 June 2026
Deadline for submission of questions on the TOR	23 June 2026
Cowater Responds to Bidders’ Questions on TOR/RFP	26 June 2026
Proposal Submission deadline	07 July 2026

Please read **Annex 1** carefully.

Annex 1: Additional Information

Selection Methodology and Evaluation Criteria

The selection methodology to be used by Cowater International for potential bidders shall be Quality and Cost Based Selection (QCBS). Cowater International intends to use a competitive process that takes into account both the quality of the proposal (technical responsiveness) as well as the cost of the services in the selection of the successful firm. The relative weight to be given to the quality and cost shall be as follows:

Technical proposal – Quality	80%
Financial proposal – Cost	20%

PROPOSAL EVALUATION CRITERIA	Available Points
1. Technical Experience of the firm (Expertise and Experience)	35
a. Extent of experience conducting audits of donor funded Technical Assistance (TA) projects	15
b. Extent of experience in carrying out audits in Mozambique	10
c. References: Number of relevant assignments performed over the last 5 years (attach reference letters with contact details of the references)	10
2. Responsiveness of the proposal in clearly stating an understanding of the work to be performed.	30
a. The bidder demonstrates clear understanding of the requirements.	7.5
a. Approach to gaining and documenting an understanding of the auditee's internal control structure. Approach to drawing audit samples and for testing	7.5
b. Preliminary schedule for performing "key" phases of audit. How well-elaborated is the proposed plan of work and suggested timeline?	15
3. Qualifications of staff, including consultants to be assigned to the audit.	35
a. Team leader should have at least 15 years of experience in audit	10
b. The team includes staff with experience in audit of TA projects funded by international donors	12.5
c. Team members qualified accountants registered with professional body of accountants	12.5
TOTAL WRITTEN PROPOSAL SCORE (Weighted at 80% of total Score)	100

The evaluation of the proposals shall be carried out in two (2) stages: (1) technical quality and (2) cost. Only bidders that have passed the technical evaluations will have their financial proposals evaluated.

Therefore, please submit **two separate documents in your response**:

- 1) Technical response to the ToR (PDF) (no more than 10 pages)
- 2) Financial budget (Excel file)

Minimum Selection Criteria

The following will be mandatory selection criteria for the auditor:

- The audit firm must be registered with a professional body of independent auditors.
- The team leader/engagement partner must be a current member of a professional accounting body and hold a valid practising certificate.
- The firm must have a valid registration certificate and operating license in Mozambique.

Cowater International will be justified in rejecting proposals or cancelling the procurement if proposals are not compliant with the Terms of Reference and instructions; the minimum selection criteria; or if a minimum number of responses (bids) / quorum is not achieved.