BOTSWANA PUBLIC OFFICERS SAVINGS AND CREDIT CO-OPERATIVE SOCIETY LIMITED (BPOSACCOSS)

TERMS OF REFERENCE

FOR THE APPOINTMENT OF AN INTERNAL AUDIT SERVICE PROVIDER FOR A PERIOD OF THREE (3) YEARS

BPO 7/1/7 I (42)

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1. Background

The Botswana Public Officers Savings and Credit Co-operative Society Limited ("BPOSACCOS" or "the Society") is a savings and credit co-operative society (SACCO) registered and operating in Botswana under the Co-operative Societies Act, and administered under the oversight of the Department of Co-operative Development, providing savings mobilisation and credit facilities to its membership.

BPOSACCOS currently employs 27 (twenty-seven) members of staff and operates from a single branch. Notwithstanding its relatively modest operational footprint, the Society is entrusted with members' savings and shares, and is therefore subject to heightened fiduciary, governance, and prudential expectations consistent with its role as a deposit-taking and credit-issuing financial services entity.

The governance structure of BPOSACCOS comprises the following key organs:

- The Management Board – responsible for overall strategic direction, policy approval, and stewardship of the Society on behalf of members;
- The Supervisory Committee – responsible for compliance oversight, monitoring of internal controls, and acting as the primary internal audit liaison and governance oversight body of the Society;
- The Credit Committee – responsible for oversight of the loan and credit approval process, credit risk assessment, and adherence to lending policy; and
- The General Membership, convened through the Annual General Meeting (AGM) and Special General Meetings, to which the Management Board, Supervisory Committee, and Credit Committee are ultimately accountable.

BPOSACCOSS regulatory environment is anchored primarily in the Co-operative Societies Act and its subsidiary regulations, administered by the Department of Co-operative Development. Bidders should further note that the regulatory oversight of savings and credit co-operative societies in Botswana has, in recent years, extended to include Bank of Botswana (BOB) in respect of prudential and conduct matters applicable to deposit-taking co-operative financial institutions.

BPOSACCOS does not currently maintain an in-house internal audit function and has, to date, relied on its internal governance structures. The Society now wishes to procure, through open competitive tender, the services of a suitably qualified and registered internal audit service provider to deliver independent, riskbased internal audit and advisory services over a period of three (3) years.

2. Purpose of the Assignment

BPOSACCOS wishes to appoint an independent, competent, and suitably registered Internal Audit Service Provider ("the Service Provider") to provide risk-based internal audit and advisory services that will provide the Management Board, Supervisory Committee, Credit Committee, and General Membership with independent and objective assurance over the adequacy and effectiveness of BPOSACCOS' governance, risk management, and internal control processes.

The outsourced internal audit function is intended to strengthen accountability to members, safeguard members' savings and share capital, support compliance with the Co-operative Societies Act and applicable financial sector regulatory requirements, and promote sound financial management and operational efficiency within a small-staff, single-branch co-operative financial institution.

The expected outcome of this assignment is the establishment of a reliable, independent, and value-adding internal audit service that operates in accordance with the Global Internal Audit Standards issued by The Institute of Internal Auditors (IIA), tailored appropriately to the scale and risk profile of BPOSACCOS.

3. Objectives

The specific objectives of this assignment are to appoint a Service Provider that will:

1. Evaluate the adequacy and effectiveness of BPOSACCOS' corporate and co-operative governance processes, including the functioning of the Management Board, Supervisory Committee, and Credit Committee;
2. Assess the design and operating effectiveness of enterprise risk management processes, having regard to BPOSACCOS' size and risk appetite;
3. Evaluate the adequacy and effectiveness of internal controls over savings, share capital, loans, and cash management;
4. Improve operational efficiency across the Society's operations.
5. Detect, deter, and support the prevention of fraud, including fraud specific to co-operative savings and lending operations.
6. Promote accountability of the Management Board, Supervisory Committee, Credit Committee, and Management to the General Membership.
7. Improve compliance with the Cooperative Societies Act, by-laws, tax legislation, AML/CFT requirements, data protection, and other applicable Botswana laws and regulations.
8. Safeguard members' savings, share capital, and other assets of the Society.
9. Improve the reliability and integrity of financial reporting to the Management Board and General Membership; and
10. Support the achievement of BPOSACCOS' strategic and operational objectives through valueadding advisory input.

4. Scope of Services

The Service Provider shall provide risk-based internal audit and advisory services covering, but not necessarily limited to, the following areas, having regard to BPOSACCOS' size and operations. The annual and three-year audit plans shall be developed on a risk-prioritised basis in consultation with the Supervisory Committee, rather than requiring full annual coverage of every area listed below.

Audit Area	Indicative Coverage
Corporate & Co-operative Governance	Review of Board, Supervisory Committee, and Credit Committee effectiveness, charters, terms of reference, and adherence to co-operative governance principles.
Enterprise Risk Management	Assessment of risk identification, assessment, mitigation and monitoring processes.
Internal Controls	Review of control design and operating effectiveness across all key processes.
Finance & Accounting	Review of financial reporting, reconciliations, general ledger integrity, and month-end/year-end processes.
Savings & Share Capital Management	Review of member savings accounts, share capital records, interest/dividend calculations, and withdrawal controls.
Loans & Credit Management	Review of loan origination, credit assessment, approval limits, disbursement, collections, and arrears management, aligned to Credit and Savings policies.
Procurement & Supply Chain	Review of procurement policy compliance, supplier selection, and contract management.
Payroll & Human Resources	Review of payroll processing, staff related policies, leave, and HR policy compliance.
Information Technology	Review of IT general controls, COOPMIS/LMS management system controls, access management, and backups.
Cybersecurity	Review of cybersecurity controls proportionate to the Society's systems and member data holdings.
Data Protection & Data Governance	Review of compliance with applicable Botswana data protection requirements over member information.
Business Continuity	Review of business continuity and disaster recovery arrangements for the single-branch operation.
Regulatory Compliance	Review of compliance with the Co-operative Societies Act, BOB requirements (where applicable), and other applicable legislation.
Revenue & Expenditure	Review of interest income, fee income, and expenditure controls.
Asset Management	Review of fixed asset registers, safeguarding, and disposal controls.

Fraud Risk Management	Fraud risk assessments and, where required, special fraud investigations.
Whistleblowing & Ethics	Review of whistleblowing mechanisms and the ethical culture of the Society.
Performance & Value for Money Audits	Assessment of operational efficiency and value for money in key processes.
Follow-Up Audits	Follow-up on implementation status of prior audit recommendations.
Advisory Services	Ad hoc advisory input on governance, risk, and control matters as requested by the Supervisory Committee or Management Board.
Special Investigations	Special assignments and investigations commissioned by the Supervisory Committee or Management Board.

5. Botswana Legal and Regulatory Framework

The Service Provider must demonstrate sound working knowledge of, and shall conduct all engagement activities with due regard to, the following Botswana legislation and regulatory requirements, where applicable to BPOSACCOS' operations:

- Co-operative Societies Act (and subsidiary regulations) – the Society's primary constituting and regulatory legislation;
- Financial Reporting Act;
- Income Tax Act;
- Value Added Tax Act;
- Employment Act;
- Data Protection Act;
- Public Procurement Act and Regulations (to the extent BPOSACCOS' procurement is subject to public procurement principles, or applied by the Society as best practice);
- Anti-Money Laundering and Combating of Terrorism Financing legislation;
- Financial Intelligence Agency reporting obligations, where applicable to co-operative financial institutions.

Bidders shall, as part of their technical proposal, explain how they will monitor and ensure ongoing compliance with applicable Botswana legislation and regulatory developments throughout the three-year engagement period, including any changes to the regulatory status of SACCOS in Botswana.

6. Applicable Professional Standards

The Service Provider shall perform all internal audit work in accordance with the following professional standards and frameworks, applied proportionately to the scale of BPOSACCOS:

- The Institute of Internal Auditors (IIA) Global Internal Audit Standards and the International Professional Practices Framework (IPPF);
- The IIA Code of Ethics;
- International Standards on Auditing (ISA), where applicable to specific assurance work;
- International Financial Reporting Standards (IFRS) or IFRS for Small and Medium-sized Entities, as applicable to BPOSACCOS' financial statements;
- International Standard on Quality Management (ISQM 1);
- COSO Internal Control – Integrated Framework;
- COSO Enterprise Risk Management Framework;
- ISO 31000 Risk Management;
- ISO 27001 Information Security Management, as a reference framework for IT and cybersecurity reviews; and
- Applicable Botswana Institute of Chartered Accountants (BICA) accounting and auditing guidance.

7. Oversight Bodies and Professional Regulators

Bidders must demonstrate familiarity with the expectations, reporting conventions, and regulatory environments of the following Botswana bodies, to the extent relevant to BPOSACCOS' operations.

- Department of Co-operative Development (administering the Co-operative Societies Act);
- Botswana Institute of Chartered Accountants (BICA);
- Botswana Unified Revenue Service (BURS);
- Financial Intelligence Agency (FIA);
- Directorate on Corruption and Economic Crime (DCEC);
- Public Procurement Regulatory Authority (PPRA), to the extent its principles are applied by the Society; and
- Any other sector regulator confirmed as applicable to BPOSACCOS at the time of publication.

8. Internal Audit Methodology

Bidders shall describe, in their technical proposal, their proposed methodology, which must at minimum address:

1. Annual and enterprise-wide risk assessment methodology appropriate to BPOSACCOS
2. Development of an audit universe and a three (3) year rolling risk-based internal audit plan;
3. Preparation of an annual audit plan for approval by the Supervisory Committee and/or Management Board;
4. Engagement-level planning, including planning memoranda and audit programmes;
5. Sampling methodology, appropriate to BPOSACCOS' transaction volumes;
6. Control testing and substantive testing approaches;
7. Evidence collection and working paper standards;
8. Root cause analysis and issue rating/grading methodology;
9. Internal quality assurance procedures applied to each engagement;
10. Reporting format and escalation protocols;
11. Follow-up and continuous monitoring of management action implementation;
12. Fraud risk assessment procedures; and
13. Cybersecurity and IT general control assessment procedures.

9. Deliverables

The Service Provider shall be responsible for the following deliverables, with indicative timelines to be confirmed and formalised in the Service Level Agreement:

Deliverable	Indicative Timeline
Enterprise & Fraud Risk Assessment	Within 6 weeks of contract commencement
Three-Year Strategic (Rolling) Audit Plan	Within 6 weeks of contract commencement
Annual Audit Plan (each contract year)	Prior to the start of each audit year
Audit Charter Review	Within first 3 months, and as needed thereafter
Individual Audit Engagement Programmes	Prior to each engagement
Working Papers	Maintained throughout, available on request
Draft Audit Reports	Within 10 working days of fieldwork completion
Final Audit Reports	Within 5 working days of receipt of management responses
Executive Summaries	Accompanying each final report
Supervisory Committee Presentations	At each scheduled Committee meeting
Annual Internal Audit Opinion	Annually, at financial year-end
Quarterly Progress Reports	Within 10 working days of each quarter-end
Management Action Tracking Report	Quarterly, or as agreed
Follow-Up Reports	Per agreed follow-up cycle
Advisory Reports	As commissioned
Investigation Reports	As commissioned, per agreed timelines

10. Reporting Structure

Given BPOSACCOS' governance structure, the Service Provider shall report functionally and administratively as follows:

- Functional reporting: to the Supervisory Committee, which shall act as the primary internal audit oversight body responsible for approving the audit plan, receiving audit reports, and monitoring implementation of management actions, consistent with its compliance oversight mandate;
- Escalation reporting: matters of significant governance, fraud, or going-concern nature shall be escalated directly and without delay to the Chairperson of the Supervisory Committee and the Chairperson of the Management Board;
- Administrative liaison: with the Chief Executive Officer (or equivalent) of BPOSACCOS for logistical and operational coordination of audit fieldwork;
- Annual reporting: the Annual Internal Audit Opinion and a summary of audit activity shall be presented to the Management Board and, as appropriate, tabled at the Annual General Meeting for the information of the General Membership; and
- The Service Provider shall have unrestricted and direct access to the Supervisory Committee and Management Board Chairpersons at all times during the contract period, without management interference.

11. Minimum Qualification Requirements (Firm Level)

To be eligible for consideration, the bidding firm must:

1. Be legally registered and incorporated in Botswana, or duly registered to conduct business in Botswana;
2. Possess a valid Trade Licence;
3. Possess a valid Tax Clearance Certificate issued by BURS;
4. Be in good standing with the Botswana Institute of Chartered Accountants and any other relevant Botswana regulatory or professional body;
5. Maintain, or commit to maintaining prior to contract signature, Professional Indemnity Insurance cover adequate to the scale of the engagement;
6. Have at least five (5) years of demonstrable experience providing internal audit services;
7. Have completed at least 5 similar assignments within Botswana in the last five (5) years, with preference given to firms with co-operative, SACCO, or micro-finance sector experience; and
8. Not be in a conflict-of-interest position with BPOSACCOS, its Board, Committees, staff, or members.

12. Key Personnel

Given the scale of BPOSACCOS, the Service Provider is not required to deploy a large resident team, but must demonstrate access to the following competencies, which may be fulfilled by a lean core team supplemented by specialist resources as needed:

Role	Minimum Requirement
Engagement Partner	CA/CIA (or equivalent) with 10+ years internal audit/assurance experience, including financial services or co-operative sector exposure
Audit Manager	CIA/ACCA/CPA with 7+ years internal audit experience, to lead day-to-day engagement delivery
Senior Auditor(s)	Relevant degree and 3+ years internal audit experience
IT/Cybersecurity Specialist	CISA or equivalent, to support IT general control and cybersecurity reviews (may be shared/part-time given BPOSACCOS' scale)
Data Analytics Resource	Demonstrable data analytics capability appropriate to a small institution's data volumes
Fraud/Forensic Specialist	CFE or equivalent, available on an as-needed basis for special investigations

Bidders shall submit CVs, certified copies of qualifications, and evidence of professional body membership (e.g., CIA, CA, ACCA, CPA, CISA, CRMA, CFE) for all proposed key personnel.

13. Independence and Ethics

The Service Provider and all assigned personnel shall:

- Maintain independence and objectivity in fact and appearance throughout the engagement, in accordance with the IIA Code of Ethics and the Global Internal Audit Standards;
- Sign and submit a Conflict-of-Interest Declaration confirming the absence of any financial, familial, or business relationship with BPOSACCOS' Board, Committee members, management, staff, or members that could impair independence;
- Maintain strict confidentiality over all member, financial, and operational information obtained during the engagement, both during and after the contract period;

- Exercise due professional care at all times; and
- Immediately disclose to the Supervisory Committee any actual, potential, or perceived conflict of interest arising during the engagement.

14. Quality Assurance

Bidders must provide evidence of:

- Results of the most recent External Quality Assessment (EQA) or peer review, where available;
- Internal quality review procedures applied to engagements of this nature; and
- Evidence of ongoing continuing professional development of assigned staff.

15. Technical Proposal Requirements

Bidders shall submit a Technical Proposal comprising:

1. Company profile and organisational structure;
2. Certificate of Incorporation and Trade Licence;
3. Valid Tax Clearance Certificate;
4. Proposed methodology and risk-based audit approach, tailored to BPOSACCOS' scale;
5. Proposed three-year project plan and indicative annual audit plan structure;
6. CVs and certified qualifications of proposed key personnel;
7. Evidence of Botswana experience, including co-operative/SACCO/financial services sector experience where available;
8. At least three (3) verifiable references from similar assignments, with contact details;
9. Evidence of Professional Indemnity Insurance or written commitment to obtain it;
10. Business continuity arrangements of the firm;

16. Financial Proposal

Bidders shall submit a Financial Proposal using the Pricing Schedule below (also provided as Annexure J), quoting in Botswana Pula (BWP), inclusive of all applicable taxes, and exclusive of VAT shown separately:

Item	Basis	Amount (BWP)
Annual Internal Audit Services (Year 1)	Lump sum	
Annual Internal Audit Services (Year 2)	Lump sum	
Annual Internal Audit Services (Year 3)	Lump sum	
IT / Cybersecurity Audit (per assignment)	Fixed fee	
Fraud Investigation (per assignment)	Time-based / Daily rate	
Advisory Services (per assignment)	Time-based / Daily rate	
Engagement Partner – Daily Rate	Rate per day	
Audit Manager – Daily Rate	Rate per day	
Senior Auditor – Daily Rate	Rate per day	
IT/Cybersecurity Specialist – Daily Rate	Rate per day	
Travel Costs (to/from BPOSACCOS premises)	Actuals / capped allowance	
Disbursements (printing, courier, etc.)	Actuals / capped allowance	

All rates quoted shall be fixed for the duration of the three-year contract, save for an annual review linked to inflation as may be agreed in writing between the parties.

17. Evaluation Criteria

17.1 Technical Evaluation Matrix

Criterion	Weighting
Firm Experience (general internal audit)	20%
Botswana / Co-operative & Financial Services Experience	15%
Qualifications and Experience of Key Personnel	20%
Proposed Methodology and Understanding of Assignment	20%
Knowledge of Botswana Regulatory Environment (Co-operative Societies Act, NBFIRA, etc.)	10%
Quality Assurance Programme	5%
Technology and Data Analytics Capability	5%
References and Past Performance	5%
TOTAL	100%

A minimum technical qualifying score of 89% shall apply. Bidders scoring below this threshold shall not proceed to financial evaluation.

17.2 Financial Evaluation Methodology

Financial proposals of technically qualifying bidders shall be evaluated on a 70:30technical-to-financial weighting basis, in accordance with BPOSACCOS' procurement procedures. The lowest responsive financial proposal shall be awarded full marks under the financial component, with other proposals scored proportionately (lowest price divided by proposal price, multiplied by the financial weighting).

The final combined score shall be the sum of the weighted technical score and the weighted financial score. The bid attaining the highest combined score, subject to due diligence and reference checks, shall be recommended for award.

18. Contract Management

The engagement shall be governed by a Service Level Agreement (SLA) incorporating, at minimum:

- Defined Key Performance Indicators and performance monitoring mechanisms (see Section 12 below on Performance Indicators);
- Quarterly performance review meetings between the Service Provider and the CEO
- Confidentiality and non-disclosure obligations surviving termination of the contract;
- BPOSACCOS' ownership of all working papers, reports, and data generated during the engagement, subject to the Service Provider's right to retain copies for professional record-keeping and quality assurance purposes as required by professional standards;
- Data protection obligations consistent with the Data Protection Act;
- Termination provisions, including termination for convenience (with notice) and termination for cause (breach, non-performance, conflict of interest, or loss of professional registration);
- Dispute resolution procedures, including good-faith negotiation, escalation to the Management Board, and, failing resolution, referral to arbitration in accordance with the laws of Botswana;
- Procedures for contract variation, to be agreed in writing by both parties; and
- An option to renew the contract for a further period, subject to satisfactory performance and reevaluation, at the sole discretion of BPOSACCOS.

18.1 Key Performance Indicators

KPI	Measure	Target
Timeliness	% of audits completed within planned timelines	≥ 90%
Quality of Reports	Supervisory Committee satisfaction rating on report quality	≥ 4/5
Client Satisfaction	Annual satisfaction survey score	≥ 4/5
Implementation Rate	% of agreed management actions implemented within agreed timelines	≥ 80%
Risk Coverage	% of annual audit plan completed	≥ 95%
Value-Added Recommendations	Number of practical, cost-saving or risk-reducing recommendations per year	TBA

19. Tender Conditions

The following conditions shall apply to this tender:

1. Eligibility: Only firms meeting the minimum qualification requirements set out in Section 11 shall be considered;
2. Mandatory Documents: Failure to submit any mandatory document listed in Section 15 may render a bid non-responsive;
3. Clarifications: Requests for clarification shall be submitted in writing to the Assistant Procurement Officer. Responses shall be circulated to all bidders who have collected tender documents;
4. Late Submissions: Bids received after the stipulated closing date and time shall not be considered;
5. Confidentiality: All information obtained by bidders in connection with this tender shall be treated as confidential;
6. Anti-Corruption: Bidders shall not offer, give, or agree to give any gift, gratuity, or commission to any person as an inducement in connection with this tender, failing which the bid shall be disqualified and may be reported to the Directorate on Corruption and Economic Crime;
7. Fraud Prevention and Collusive Tendering: Any evidence of collusion between bidders shall result in disqualification of all implicated bidders;
8. Reservation of Rights: BPOSACCOS reserves the right to accept or reject any bid, and to annul the tender process at any time prior to contract award, without incurring any liability to affected bidders; and
9. Conflict of Interest: Bidders with any actual or potential conflict of interest with BPOSACCOS must declare this in writing at the time of submission.

20. Submission Details

Completed proposals must be submitted on or before 24th August 2026 to:
Botswana Public Officers Savings and Credit Co-operative Society Limited (BPOSACCOS)
Email: tenders@bposaccos.co.bw