



ZAMBIA RESEARCH AND EDUCATION NETWORK (ZAMREN)

TERMS OF REFERENCE FOR EXTERNAL AUDIT OF ZAMREN FINANCIAL STATEMENTS

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TERMS OF REFERENCE FOR EXTERNAL AUDITOR

1. ACCOUNTABILITY TO MEMBERS

The External Auditors are accountable through the Audit Committee to the Board of Directors, as representatives of the Member Institutions.

2. APPOINTMENT OF AUDITORS

The Audit Committee has overall responsibility for the selection of the external auditors and it will recommend to the Board the External Auditors to be put forward for shareholder approval at the annual meeting.

3. AUDITOR INDEPENDENCE

Auditor must be independent in fact and appearance. To achieve it, the External Auditors of the Organisation will be expected to strictly follow professional guidelines and be prohibited among other through the External auditor shall be;

- Employment of family members of the auditors in managerial positions with the Organisation.
- Business relationship with the Organisation.
- Bookkeeping or other services related to the accounting records or preparation of the financial statements of the Organisation.
- Financial information systems design and implementation, except services provided in connection with the assessment, design and implementation of internal accounting controls and risk management controls.
- Appraisal or valuation services, fairness opinions, or contribution-in-kind reports where the results of any valuation or appraisal would be material to the financial statements, or where the accountant would audit the results.

- Actuarial services.
 - Internal audit services.
 - Management functions.
 - Human resources - auditor will not be able to recruit, act as a negotiator on the Institution's behalf, develop employee testing and evaluation programs or recommend or advise that the Institution hire a specific candidate for a specific job. It could, however, interview candidates and advise the Institution on the candidate's competence for accounting and related positions.
 - Broker-dealer services. The auditor will not serve as a broker-dealer, investor advisor, investment banker, promoter or underwriter of the Organisation's securities.
 - Legal services and expert services unrelated to the audit.
 - Any other service that the Zambia Institute of Chartered Accountants determines, by regulation is impermissible.
 - Employment with the Corporation for audit managers and partners within one year of performing audit or audit-related services.
4. The External Auditors will furnish details of all factors that might have an impact on their independence and objectivity, including all services provided and fees charged by them. The Audit Committee will satisfy itself regarding the independence of External Auditors and report its conclusions and the basis therefore to the Board.

5. SCOPE OF WORK

These terms of reference address audit requirement for the audit of financial statements of the ZAMREN covering period 1st January – 31st December of each year;

The audits should be carried out in accordance with International Standards of Auditing (ISA) and International Financial Reporting Standard (IFRS).

Sufficient audit evidence should be gathered to substantiate in all material respects the accuracy of financial statement.

The audit report of the auditors should state if the audit was not in conformity with any of the above standards, and that the financial and accounting procedures approved for the organization (e.g. operational manual, financial procedures manual, etc.) were followed and used.

With the approval of the Audit Committee, the External Auditor may perform the following services for the Organisation

- Tax advice and reviews.
- Due diligence for any M&A transactions that the Organistaion may be associated with.
- Other professional services that are not expressly prohibited and will enable the External Auditor to maintain factual and perceived independence.

6. AUDIT COMMITTEE REVIEW

6.1 The Audit Committee will review the performance of the External Auditor on an annual basis, review the results of their work and approve their annual audit fee. Additionally, the committee will review all audit-related, tax and other services performed.

6.2 The incumbent auditors will be expected to institute a policy to rotate the lead partner in charge of the audit as required by the applicable rules governing the audit profession as set out by the Zambia Institute of Chartered Accountants or other applicable

professional regulatory agencies. In addition, the Audit Committee may periodically issue a request for proposal from other external audit firms.

7. REMOVAL OF AUDITORS

When necessary, the Audit Committee will recommend the removal of the External Auditor to the Board.

8. Auditor Experience & Qualification

8.1 The Auditor Firm should be registered, and have a practicing license from Zambia Institute of Chartered Accountants. The firm should have relevant experience in accounting & auditing of Information Technology Industry. The audit firm should have at least two full time partners, not less than 5 employees and have been in existence for not less than five (5) years.

8.2 The Key Team will comprise of at least

- Engagement Partner with over 10 years auditing experience with sound knowledge of Information Technology Sector.
- An Audit Manager with over 5 years of experience in Auditing and with a sound knowledge of Information Technology;
- An Audit Team Leader with at least 3 yrs experience in Auditing; and
- Sufficient Assistant Auditors with adequate experience & professional qualifications.