



# TENDER CLARIFICATIONS

Provision of External Audit Services for the Central Bank of Lesotho

REF: CBL/FNC/TC/8/9/2025

Question	Response
<p><b>Question 1: Structural context/format of appointment</b></p> <p>Point V (page 4 of the RFP document) states that: “The bank shall enter into a single contract under a joint/joint venture arrangement with the entities for the performance of the audit.”</p> <p>The structural context/format of the proposed appointment and engagement contract to be entered into is not clear to us, and <b>we would appreciate some clarification as to the manner in which the appointment will take place</b>, the <b>structure of the relationship between the parties and what the legal construct of the engagement contract is envisaged to be</b>.</p> <p>In order to assist you in responding to the above, we have outlined below our understanding of the proposed structure and format of the appointment and the related engagement contract to be entered into. We would appreciate it if you could confirm whether our understanding is appropriate and <b>whether such an appointment structure and format (as outlined below) will be acceptable to the CBL in terms of this RFP</b>.</p> <ul style="list-style-type: none"> <li>• CBL will be appointing a registered local (Lesotho based) audit firm as the single statutory auditor of the CBL.</li> <li>• The audit engagement letter will be signed between CBL and the locally registered appointed firm, as the appointed statutory auditor of CBL.</li> <li>• The audit opinion (related to the financial statements of the CBL and all other entities to which the Lesotho based firm is appointed as the statutory auditor) will be issued (signed) by the locally registered appointed firm.</li> </ul>	<p>1. “... we would appreciate some clarification as to the manner in which the appointment will take place” ... “... structure of the relationship between the parties and what the legal construct of the engagement contract is envisaged to be....” -</p> <ol style="list-style-type: none"> <li>a. CBL’s primary interest is for the audited annual financial statements to be performed and signed by an engagement partner / director from an audit firm/s that fall/s within the top four or at least tier II of the internationally ranked audit firms.</li> <li>b. How the audit firms structure the contracts and / or the legal construct of the engagement contracts is exclusively at the discretion of the firms, subject to the applicable legal requirements and at least proof of a joint venture agreement.</li> <li>c. Equally important are the below provisions of the Practice Byelaws of the Lesotho Institute of Accountants 2024, Byelaw 5 on Licensing Certified Auditor or Public Accountant. Specifically, Byelaw 5 (e) on foreign practitioners viz. Foreign Practitioners who are invited for joint audits by local firms shall:             <ol style="list-style-type: none"> <li>i. Meet the single audit assignment requirements</li> </ol> </li> </ol>

- The locally registered appointed firm will (through a joint business relationship or similar arrangement) subcontract certain specialist areas (or work related to specific financial statement line items) to a large/global (non-Lesotho based) firm to allow the locally registered appointed firm access to expertise in the audit of a financial services organizations (including experience in the audit of central banks). This joint business relationship (subcontracting) arrangement will solely be negotiated and entered into between the locally registered (Lesotho based) appointed audit firm and the large/global (non-Lesotho based) firm and the CBL will not be a party to this arrangement.

Please confirm whether our understanding is appropriate and whether the appointment structure and format (as outlined above) will be acceptable to the CBL in terms of the requirements of this RFP. If possible, based on the CBL's understanding of the local audit environment, it will also be helpful if the CBL could confirm that a structural and legal construct as outlined above will be acceptable to the relevant local audit and accounting bodies (i.e. the Lesotho Institute of Accountants), as may be applicable and appropriate

as prescribed by the Council,

- ii. The local firm shall apply for partnership clearance from LIA signed by the local firm, the foreign practitioner and audit client (which requires skills transfer plan, retention of audit files by local firms and agreement that audit risk remains with the local firm).
- iii. Audit file shall be subjected to quality assurance review within 90 days of completion of the audit. iv) Payment of a fee to LIA equivalent to 5% of the Audit fees charged to the client immediately upon completion of the audit.

2. "...whether such an appointment structure and format (as outlined below) will be acceptable to the CBL in terms of this RFP..." - ANSWER - 1 above, is instructive to what would be acceptable to the Bank.

3. "...CBL will be appointing a registered local (Lesotho based) audit firm as the single statutory auditor of the CBL..." - ANSWER (1) & (2) are applicable or refer.

4. "...The audit engagement letter will be signed between CBL and the locally registered appointed firm, as the appointed statutory auditor of CBL..." - ANSWER - The above refer.

5. "The audit opinion (related to the financial statements of the CBL and all other entities to which the Lesotho based firm is appointed as the statutory

auditor) will be issued (signed) by the locally registered appointed firm.” -  
ANSWER - Same as above.

6. The locally registered appointed firm will (through a joint business relationship or similar arrangement) subcontract certain specialist areas (or work related to specific financial statement line items) to a large/global (non-Lesotho based) firm to allow the locally registered appointed firm access to expertise in the audit of a financial services organizations (including experience in the audit of central banks)

- ANSWER - This should be a joint audit. However, the internationally ranked firm is naturally expected to bring the required central banking expertise to the audit process and to transfer the same locally. It is therefore a requirement that both engagement partners should sign the AFS.

7. “Please confirm whether our understanding is appropriate and whether the appointment structure and format (as outlined above) will be acceptable to the CBL in terms of the requirements of this RFP.”

ANSWER – All the above guidance is instructive to what would be acceptable to the Bank.

8. “If possible, based on the CBL’s understanding of the local audit environment, it will also be helpful if the CBL could confirm that a structural and legal construct as outlined above will be acceptable to the relevant local audit and accounting bodies (i.e. the Lesotho Institute of Accountants), as may be applicable and appropriate”

- ANSWER - The answers or explanations given above and the firms’ familiarization with the Lesotho Institute of Accountants’ & other relevant legal and regulatory requirements is considered

	sufficiently instructive to inform that decision.
<p><b>Question 2: Resources</b>  Where the locally registered appointed audit firm subcontracts (through a joint business relationship arrangement or other similar arrangement) certain of the specialist areas (or work related to specific financial statement line items) to a large/global audit firm (as envisaged under Question 1 above), the specialist who will be performing the work may not ordinarily be based in Lesotho. In this regard:</p> <ul style="list-style-type: none"> <li>• Will the specialist resources (working for the subcontracted large/global firm) be required to perform their work within the geographical confines of Lesotho or can the work be performed remotely from a neighboring country, i.e. South Africa?</li> <li>• Should there be a requirement for the specialist work to be performed within Lesotho, will the CBL assist with the required work visas/permits and arrangements (to allow the specialist resources to perform the work within Lesotho in compliance with all local laws and regulations on a timely basis)?</li> </ul>	<ul style="list-style-type: none"> <li>• “Will the specialist resources (working for the subcontracted large/global firm) be required to perform their work within the geographical confines of Lesotho or can the work be performed remotely from a neighboring country, i.e. South Africa?” - ANSWER – The Bank’s requirements are for an ONSITE AUDIT.</li> <li>• “Should there be a requirement for the specialist work to be performed within Lesotho, will the CBL assist with the required work visas/permits and arrangements (to allow the specialist resources to perform the work within Lesotho in compliance with all local laws and regulations on a timely basis)?” ANSWER - We are not in a definitive position to give any opinion on the labour requirements for work permits.</li> <li>• “Should there be a requirement for the specialist work to be performed within Lesotho, will the CBL assist with the required work visas/permits and arrangements (to allow the specialist resources to perform the work within Lesotho in compliance with all local laws and regulations on a timely basis)?”</li> <li>• ANSWER – The audit work is going to be performed onsite in Lesotho. In the event that work visas/permits are required, the Bank may assist only to the extent of providing supporting letters to the applications of the specialist Resources.</li> </ul>
<p><b>Question 3: Cross border sharing of information</b></p>	<p>The primary audit is on site however, the audit firms will be responsible for providing a secure</p>

<ul style="list-style-type: none"> <li>• Would it be appropriate for the sharing of information, virtually or otherwise, to take place between Lesotho and applicable countries outside of Lesotho for purposes of this engagement? If so, what would be the applicable regulatory, legislative or other requirements to be adhered to from the regulators perspective?</li> </ul>	<p>shared platform for information sharing where necessary. The Bank is not in a position to give an opinion on the regulatory or legislative requirements.</p>
<p>Paragraph 4(1)(b) on page 9 of your document provides the following, “The bidder’s financial statements should be unqualified and profitable along with positive net cash flows.” In light of this I would like to clarify the following:</p> <ol style="list-style-type: none"> <li>1. In South Africa, we are allowed as an owner managed company to present and file unaudited financial statements. So, the only report that will be in our financial statements is a compilation report, will that satisfy your requirements for this tender?</li> <li>2. With respect to the part that requires the bidder’s financial statements to be profitable, will a loss in any of the 5-year period required per proposal result in disqualification?</li> </ol>	<ol style="list-style-type: none"> <li>1. This is a mandatory requirement, failure to comply with as stated in the RFP will result in automatic disqualification.</li> <li>2. Regrettably, YES.</li> </ol>