

# REQUEST FOR QUOTATION (RFQ)

## FOR SERVICES

<b>Project Title:</b>	Pacific Organic Learning Farm Network Project
<b>Nature of the services</b>	Financial and Procurement Audit for Pacific Organic Learning Farm Network Project
<b>Location:</b>	Suva, Fiji
<b>Date of issue:</b>	8/03/2023
<b>Closing Date:</b>	15/03/2023
<b>SPC Reference:</b>	RFQ 23-5130

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## Part 1: INTRODUCTION

### 1.1 About the Pacific Community (SPC)

The Pacific Community (SPC) is the principal scientific and technical organisation of the Pacific region, established by treaty in 1947 with the signing of the *Agreement Establishing the South Pacific Commission* (the Canberra Agreement).

Our unique organisation covers more than 20 sectors and is renowned for knowledge and innovation in such areas as fisheries science, public health surveillance, geoscience and conservation of plant genetic resources for food security.

For more information about SPC and the work that we do, please visit our website: <https://www.spc.int/>.

### 1.2 SPC's procurement activities

SPC's procurement activities are guided by the principles of high ethical standards, value for money, open competition and social and environmental responsibility and are carried out under our Procurement Policy.

For further information or enquiries about SPC's procurement activities, please visit the procurement pages on our website: <https://www.spc.int/procurement> or email: [procurement@spc.int](mailto:procurement@spc.int)

### 1.3 SPC's Request for Quotation (RFQ) Process

At SPC, procurement valued at more than EUR 2,000 and less than or equal to EUR 45,000 requires an evaluation of at least three quotations to determine the offer that provides the best value for money through a Request for Quotation (RFQ) process.

This RFQ sets out SPC's requirements for a project and it asks you, as a bidder, to respond in writing in a prescribed format with pricing and other required information.

Your participation confirms your acceptance of SPC's conditions of participation in the RFQ process.

## Part 2: INSTRUCTIONS TO BIDDERS

### 2.1 Background

SPC invites you to submit a quotation to deliver the services as specified in [Part 3](#).

SPC has compiled these instructions to guide prospective bidders and to ensure that all bidders are given equal and fair consideration. Please read the instructions carefully before submitting your bid. For your quotation to be considered, it is important that you provide all the prescribed information by the closing date and in the format specified.

### 2.2 Submission Instructions

You must **submit your quotation and all supporting documents** in English and as an attachment to an email sent to [praneetr@spc.int](mailto:praneetr@spc.int) and with the subject line of your email as follows: **Submission RFQ 23-5130- Financial and Procurement Audit for Pacific Organic Learning Farm Network Project**. The email should also be copied to [rfq@spc.int](mailto:rfq@spc.int).

The supporting documents expected in this RFQ are:

- [The Conflict-of-Interest Declaration form](#) completed
- A compliant technical and financial proposal/bid
- CV for specified personnels

Your submission must be clear, concise and complete and should only include a quotation and information that is necessary to respond effectively to this RFQ. Please note that you may be marked down or excluded from the procurement exercise if your submission contains any ambiguities or lacks clarity.

Bids will be evaluated on the basis of information received by **11.59pm Fiji Time on 15/03/2023**.

### 2.3 Evaluation & Contract Award

Each quotation validly received will be assessed against the evaluation criteria matrix set out in [Part 4](#). Any changes in the evaluation criteria will result in the RFQ process being re-issued.

SPC may award the contract once it has determined that a bidder has met the prescribed requirements and the bidder's proposal has been determined to be substantially responsive to the RFQ documents, provide the best value for money (highest cumulative score) and best serve the interests of SPC.

In the event of a bid being accepted, procurement will take place under SPC's [General Terms and Conditions of Contract](#) and depending on the value or nature of the procurement, the award will be made by issuing a purchase order or a signed and dated contract, or both.

### 2.4 Key Contacts

Please contact SPC should you have any doubt as to what is required or if we can help answer any questions that you may have.

Praneet Ram will be your primary point of contact for this RFQ and can be contacted at [praneetr@spc.int](mailto:praneetr@spc.int). You should copy any communications into [rfq@spc.int](mailto:rfq@spc.int).

Details will be kept of any communications between SPC and bidders. This assists SPC to ensure transparency of the procurement process. While SPC prefers written communication in the RFQ process, at any point where there is phone call or other conversation, SPC expects to keep a file note of the exchange, with all forms of communication with prospective bidders to be retained as source documents for the procurement of the services.

### 2.5 Key Dates

Please see the proposed procurement timetable in the table below. This timetable is intended as a guide only and while SPC does not intend to depart from the timetable, it reserves the right to do so at any stage.

STAGE	DATE
<b>RFQ sent to potential vendors</b>	8/03/2023
<b>RFQ Closing Date</b>	15/03/2023
<b>Award of Contract</b>	17/03/2023
<b>Commencement of Contract</b>	17/03/2023
<b>Conclusion of Contract</b>	29/03/2023

### 2.6 Legal and compliance

**Confidentiality:** Unless otherwise agreed by SPC in advance or where the contents of the RFQ are already in the public domain when shared with the bidder, bidders shall at all times treat the contents of the RFQ and any related documents as confidential. SPC will also treat the information it receives from the bidders as confidential.

**Conflict of interest:** Bidders must take all necessary measures to prevent any situation of conflict of interest. You must notify SPC in writing as soon as possible of any situation that could constitute a conflict of interest during the RFQ process. If you have any familial connection with SPC staff, this must be declared, and approval will then be sought for you to engage in the RFQ process. **In support of your response to this RFQ, you must submit to SPC the [Conflict-of-Interest Declaration form](#) available on our procurement page website: <https://spc.int/procurement>.**

Breach of this requirement can result in SPC terminating any contract with a successful bidder.

**Currency, validity, duties, taxes:** Unless specifically otherwise requested, all proposals should be in bidders' local currency and must be net of any direct or indirect taxes and duties, and shall remain valid for 120 days from the closing date. The successful bidder is bound by their proposal for a further 60 days following notification they are

the preferred bidder so that the contract may be awarded. No price variation due to escalation, inflation, fluctuation in exchange rates, or any other market factors shall be accepted at any time during this period.

**No offer of contract or invitation to contract:** This RFQ is not an offer to contract or an invitation by SPC to enter into a contract with you.

**Privacy:** The bidder is to comply with the requirements of applicable legislation and regulatory requirements in force for the use of personal data that is disclosed for the purposes of this RFQ. SPC will handle any personal information it receives under the RFQ in line with its [Privacy Policy](#), and the [Guidelines for handling personal information of bidders and grantees](#).

**Warranty, representation, assurance, undertaking:** The bidder acknowledges and agrees that no person has any authority to give any warranty, representation, assurance or undertaking on behalf of SPC in connection with any contract which may (or may not) follow on from this RFQ process.

## 2.7 Complaints process

Bidders that consider they were not treated fairly during any SPC procurement process may lodge a protest. The protest should be addressed to [complaints@spc.int](mailto:complaints@spc.int). The bidder must provide the following information: (1) full contact details; (2) details of the relevant procurement; (3) reasons for the protest, including how the alleged behaviour negatively impacted the bidder; (4) copies of any documents supporting grounds for protest; (5) the relief that is sought.

## Part 3: TERMS OF REFERENCE

### 1 Audit Context, Objectives and Scope

#### 1.1 Context

##### 1.1.1 Presentation of Pacific Community

The Pacific Community (SPC) is the principal scientific and technical Organisation in the Pacific region, proudly supporting development since 1947. We are an international development Organisation owned and governed by our 27 country and territory members.

The Pacific Community supports sustainable development by applying a people-centered approach to science, research and technology across all of the Sustainable Development Goals (SDGs). We serve our members by interweaving and harnessing the nexus of climate, ocean, land, culture, rights and good governance; through trusted partnerships; investing in Pacific people; and understanding Pacific contexts.

Pacific Organic and Ethical Trade Community- POETCom is the peak body of the organics movement in the Pacific, housed within the Pacific Community (SPC). The membership of POETCom is broad based and multisectoral with representation from organic farmers, farmer organizations, traders, Governments, academic and research institutions, NGOs, private sector businesses and regional technical support agencies such as FAO and SPC. The role of the POETCom is to serve as the regional peak body for the organics industry and to advocate at the international level on issues that impact on the development of organics in the Pacific and at regional and national levels for the promotion and development of organics to reach the vision. POETCom developed and manages the Pacific Organic Standard [POS] and the Pacific Organic Guarantee Scheme [POGS].

##### 1.1.2 Presentation of the Project

The Pacific Organic Learning Farms Network (POLFN) project is the first regional project collaboration between the Pacific Community/Pacific Organic and Ethical Trade Community (POETCom) and the Kiwa Initiative.

On the other hand, the Kiwa Initiative aims at strengthening the climate change resilience of Pacific Island ecosystems, communities, and economies through Nature-based Solutions (NbS), that is to say by protecting, sustainably managing and restoring biodiversity. It is based on an easier access to funding for climate change adaptation and NbS for local, national authorities, civil society and regional organisations of Pacific Island countries and Territories including the three French overseas territories. The Initiative, managed by the Agence Française de Développement (AFD), is funded by the European Union, AFD, Global Affairs Canada, Australian Government Department of Foreign Affairs and Trade (DFAT) and New Zealand Ministry of Foreign Affairs and Trade (MFAT).

The Pacific Organic Learning Farm Network – Agro ecology and Agro forestry for climate resilience project is a four-year project that will be operational in Fiji, Nauru, Tonga and Solomon Islands, with exchange and learning components with Wallis and Futuna, New Caledonia and French Polynesia in collaboration with the European Development Fund 11 PROTEGE project implemented by the Pacific Community.

The program's specific Components are:

**Component 1:** Establishment of Organic Learning Farm network

**Component 2:** First circle farmers trained and supported in converting their farms to organic and agroecological practices.

**Component 3:** Ensuring sustainability through market incentives

**Component 4:** Monitoring, Knowledge Management, Learning, and visibility

The project was signed on May 28<sup>th</sup>, 2021, and will conclude in May 2025, a duration of 4 years. The total funding under the project is EUR 4,621,075. The funds are managed in line with SPC policies and procedures and the terms and conditions of the funding agreement CZZ2750 03 D. The project has an annual work plan and implementation schedule derived from the funding agreement. As at financial year end 2022, the execution rate of the project was approximately 14%. SPC has one bank account which receives all the fundings from donors and allocates it through job cards and task numbers created for each Project.

The project uses 2 modalities of implementation under the SPC's procurement policy:

1. Direct Execution- When SPC directly implements a project, accountability for all procurement activities rests with SPC. Direct implementation can include SPC subcontracting components of the project to vendors following a competitive procurement process.
2. Joint Implementation- A joint implementation model allows SPC to collaborate and enter into partnerships with other entities to pursue common objectives through a mutually beneficial project. This model enables SPC to better advance its strategic objectives and achieve development outcomes.

Additional information about the Project is available in Annex 4.1

### 1.1.3 Context of the Audit

Under the funding agreement with AFD, the project is required to carry out audit on its project accounts on an annual basis until the deadline for implementation of the project.

The project account has to be audited on an annual basis until the deadline for implementation of the project. These audits shall be carried out by an independent and reputable audit firm, appointed by SPC, subject to the Agency's no-objection on the terms of reference of the audit mission and the appointed audit firm. The auditing firm shall verify that all drawdowns/advances paid to the project account have been used in accordance with the terms of the financing agreement. The audit shall include the verification that the procurement procedures used by the SPC are compliant with provisions of the financing agreement.

SPC shall permit the auditing firm to have access to any documentation or person necessary to carry out its work. SPC shall with no delay provide such access to information or people as requested by the auditing firm.

SPC agrees that the final audit report may trigger investigation measures as provided in Clause 6.16 (Inspections) and/or remediation measures as provided in Clause 6.9 (Origin of funds, no Acts of Corruption, Fraud, Anti-competitive Practices or Tax Avoidance Practices or Tax Fraud)

Audit reports shall be made available no later than three (3) months following the end of each calendar year.

These TOR will form an integral part of the contract between the Contracting Authority (CA) and the auditor.

## 1.2 Audit Objectives

The objectives of this audit are to enable the auditor to express a professional opinion on whether:

- **the financial statements<sup>12</sup> of the Project** present fairly, in all material aspects, the expenditure actually incurred, and revenue actually received for the Project for the period covered by the audit;
- **the funds allocated to the Project have, in all material aspects, been used in conformity with the applicable contractual conditions; the expenditure is compliant with the rules of sound financial management, assessed notably in the light of eligibility criteria (see Annex 4.2 – Nomenclature of Findings and Misstatements);**
- **contracts** have been awarded in accordance with applicable rules and in accordance with the principles of economy, efficiency, transparency, and fairness, **and in compliance with AML/CFT due diligence requirements.**



The auditor should also provide recommendations on the various aspects of the audit.

### 1.3 Scope (or Extent) of the Audit

#### 1.3.1 Contractual Conditions

List the key documents governing the Project management:

- Financing agreement
- SPC Procurement Policy and Finance regulation
- Work plan.
- OLF Procurement Plan
- Procedures manual approved by AFD

#### 1.3.2 Period(s) Covered

Annual Audit Period	Audit Period Dates
1	28 <sup>th</sup> May 2021- 31 <sup>st</sup> Dec 2022
2	1 <sup>st</sup> Jan 2023 – 31 <sup>st</sup> Dec 2023
3	1 <sup>st</sup> Jan 2024 – 31 <sup>st</sup> Dec 2024
4	1 <sup>st</sup> Jan 2025 – 31 <sup>st</sup> May 2025

#### 1.3.3 Financial and Volume Data

Financial and volume data for the period covered by the financial component of the audit is provided below

Audit Period	Annual Audit Period Dates	Budget	Expenditure Amount	Number of Expenses	Number of Supporting Document
1	28 <sup>th</sup> May 2021- 31 <sup>st</sup> Dec 2022	892,078	624,904.85	1272	5088
2	1 <sup>st</sup> Jan 2023 – 31 <sup>st</sup> Dec 2023	1,314,133	To be filled at the end of the period	/	/
3	1 <sup>st</sup> Jan 2024 – 31 <sup>st</sup> Dec 2024	1,334,113	To be filled at the end of the period	/	/
4	1 <sup>st</sup> Jan 2025 – 31 <sup>st</sup> May 2025	1,080,751	To be filled at the end of the period	/	/

Data for the period covered by the audit, as well as on the number and scope of contracts is provided below:

Period 1: Progress of Procurement during the period 28/05/2021-31/12/2022

Contract name	Contract amount and currency (taxes included)	Type of contract [1]	Type of competition [2]	Procurement procedure [3]	Selection method [4]	Review by AFD [5]	Specific Procurement Notice Publication date	Bid or Proposal Opening date	Contract signing date	Contract completion date
Josephine Prasad - Communication plan development for the Pacific Organic Learning Farms Network project	<b>Actual</b>	C	NPC	DC	QCBS				2/12/2021	17/12/2021
	1,657.73 EUR									
Siotame Drew Havea - Country Coordinator (Tonga) – Organic Learning Farms Network	<b>Actual</b>	C	IPC	RQ	QCBS	ANO delivered on the job description	23/12/2021	5/01/2022	9/02/2022	15/02/2023
	24,430.85 EUR									
Kastom Gaden Association – Country Coordinator – Solomon Islands	<b>Actual</b>	C	IPC	RQ	QCBS	ANO delivered on the job description	28/03/2022	08/04/2022	24/05/2022	31/05/2023
	23,062 EUR									
Mason Dick - Country Coordinator – Nauru	<b>Actual</b>	C	IPC	RQ	QCBS	ANO delivered on the job description	07/01/2022	21/07/2022	13/05/2022	30/05/2023
	22,377 EUR									
David Dore – Support the Review of the TAPE Methodolgy for use in Fiji, Tonga, Nauru & Solomon Islands	<b>Actual</b>	C	IPC	RQ	QCBS	ANO delivered on the job description	28/04/2022	13/05/2022	23/06/2022	31/10/2023
	17,917 EUR									

<sup>1</sup> C for consulting services; IC for individual consultants; W for works; G for goods; P for Plants; NC for non-consulting services.

<sup>2</sup> NPC: national procurement competition; IPC: international procurement competition

<sup>1</sup> For goods, works, plants and non-consulting services: PQL+IB: Prequalification and Invitation for Bids; IB: Invitation for Bids; RQ: Request for Quotations; DC: Direct Contracting. For consulting services: REOI: Request for Expression of Interest; RQ: Request for Quotations; DC: Direct Contracting

<sup>1</sup> For consulting services: QCBS: Quality and Cost Based Selection; QBS: Quality Based Selection; FBS: Fixed Budget Based Selection; LCS: Least Cost Based Selection. For goods, works, plants and non-consulting services, the contract should be awarded to the qualified bidder whose bid is technically substantially compliant and is the lowest evaluated bid; other selection method shall require prior approval from AFD.

<sup>1</sup> Decision to carry out Post reviews requires AFD's prior approval.

### 1.3.4 Restrictions to the Scope of Work

The auditor reports to the Contracting Authority as soon as possible about any limitations in the scope of work he/she may find prior to or during the audit.

He/she informs the Entity of any attempt to restrict the scope of the audit, or any lack of cooperation on the part of the Entity. The auditor consults with the Contracting Authority on what action may be required, whether or how the audit can be continued and whether changes in the audit scope or the timetable are necessary.

In the event of security problems arising, the auditor and the Contracting Authority agree on the actions to be taken and adapt the scope of work accordingly.

## 2 Audit Methodology and Reference Framework

### 2.1 Conduct of the Audit

#### 2.1.1 Audit Stages

- Engagement preparation

The auditor should contact the Entity<sup>3</sup> as soon as possible and no later than 10 working days after the audit has been formally announced to the Entity by the Contracting Authority, to prepare the engagement and agree on its timetable, notably for field work.

He /she should ensure the availability:

- of the final financial statements and of the original supporting documents or photocopies of the originals certified by the Entity and shall address the Entity a first request for documents (elements relating to the financial audit and to the audit of the internal control system);
- of the contracts documentation (both for procurement) and their location. Based on the list of contracts annexed to the TOR, he / she will address the Entity a first request for documents.

- Preparatory meeting with the Contracting Authority

The purpose of this meeting is to exchange views on audit planning and field work, as well as on the timetable for preparing the audit report and to clarify the points still outstanding (in particular actions to be taken following the first request for documents).

- Opening meeting with the Project

An opening meeting with the Entity is organised to address the following topics: planning of the audit fieldwork, logistics and security (premises, vehicles, equipment, etc.), documents availability, key staff availability and initial meetings set up and, if applicable, designation of a focal point at the Entity level.

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The auditor should inform the Contracting Authority of this meeting, in which its representatives may take part.

- Execution of the audit engagement

The auditor performs the procedures detailed in section 2.3 of these TOR. He uses a working method as participatory as possible, to obtain as much evidence items and supporting documentation as possible during the engagement and prior to the production of the draft report.

- Aide-mémoire and restitution meeting

At the end of the engagement, the auditor prepares an aide-mémoire and is required to organise a closing meeting with the Entity. Representatives of the Contracting Authority may take part in this meeting, aimed at reviewing the aide-mémoire and obtaining from the Entity its observations on the auditor's findings and recommendations. If necessary, the Entity is invited to provide additional documents and/or information to be taken into consideration in the draft report.

- Draft Report to be sent to the Contracting Authority

The draft report must be prepared within a period of 3 working days after the closing meeting. Submission follows the following stages:

<b>Draft report sent simultaneously to the CA/Entity and AFD</b>
The DR is sent at the same time to the CA/Entity and AFD for their comments
The auditor integrates the comments from the CA/Entity and AFD and prepares the final report

- Comments on the draft report by the Contracting Authority/Entity and AFD

The Contracting Authority/ Entity and AFD have 5 working days to provide their comments and any additional (scanned) supporting documentation to the auditor.

If, at the end of this period, the comments and supporting documentation have not been sent, the auditor then informs the Contracting Authority, which contacts the Entity to agree on a solution. Any additional period granted by the Contracting Authority is confirmed in writing to the auditor and the Entity.

- Final report

The final report must be submitted by the auditor within 3 working days following receipt of comments and observations, and of any additional supporting documentation.

## 2.1.2 Audit Timetable

### a) Annual Audits

The indicative start date for the mission for the first year is 6<sup>th</sup> March 2023. Start-up must occur within 5 working days after official notification and thereafter for every year the start date will be 20<sup>th</sup> February.

The period between the audit closing meeting and submission of the final annual audit report to the Contracting Authority must not exceed 5 working days.

The maximum duration of the mission is set at 15 working days.

Example of a detailed timetable to be completed by the auditor for a mission of a maximum 3-month duration:

	FEB				MARCH				
	W1	W2	W3	W4	W1	W2	W3	W4	W5
Engagement preparation			X	X	X				
Preparatory meeting with the Contracting Authority						X			
Opening meeting with the Entity						X			
Fieldwork						X	X		
Aide-mémoire and restitution meeting							X		
Draft report submission 3 days after mission)							X		
Contracting Authority, AFD and Entity observations on Draft Report 5 days after report is received)							X		
Submission of final report to Contracting Authority, AFD and the Entity (3 days after receiving comments and possible additional supporting documentation)								X	

- b) The auditing firm shall verify that all Drawdowns/Advances paid into the project account have been used in accordance with the terms of the project agreement. The audit shall include the verification that the procurement procedures used by SPC are compliant with provisions in the project agreement. SPC agrees that the final audit report may trigger investigation measures as provided in Clause 6.16 (Inspections) and/or remediation measures as provided in Clause 6.9 (Origin of funds, no Acts of Corruption, Fraud, Anti-Competitive Practices or Tax Avoidance Practices or Tax Fraud)

### 2.1.3 Engagement Logistics

- Remote audit is required as financial reports and supporting documents will be shared online.

### 2.1.4 Volume of Services

The estimated overall volume of services in man-days for the entire audit team is 15 days. The table below details the volumes of services by expert<sup>4</sup>:

	Key experts				Non-key experts		TOTAL
	Partner	Team Leader	Supervisor	Senior Auditor No. 1	Assistant Auditor No. 1	Assistant Auditor No. 2	
Min. No. days	1	1	1	1	1	1	6
Max. No. days	3	3	3	15	15	15	54

### 2.1.5 Report Structure and Content

The use of the audit report template, provided to the auditor, is mandatory. It should be presented in English. Findings and misstatements will be presented in the audit report according to the nomenclature provided in Annex 4.2. and financial findings should be summarised based on the following typology: eligible expenditure, eligible with misstatements, ineligible, unaudited.

The auditor sends the draft report electronically, in Word and Excel for the annexes simultaneously to the Contracting Authority, AFD and the Entity.

He /she then sends to the Contracting Authority/AFD two original paper versions on the auditor's letterhead and an electronic version (in Word and Excel for the annexes) of the final report along with a cover note. In the cover note, he / she should confirm that two original paper versions of the final audit report have been sent to the Entity. The word "draft" or "final" should appear clearly on each version. The final report is signed by the partner in charge of the engagement and its execution.

The auditor must also send an electronic version (in PDF format) of the signed and dated final report to the Entity's focal point.

Specific case of a verification of supporting documentation for renewal of advances:

The auditor is not required to issue a report with opinion, since one will be later prepared, at the time of the annual audit. However, the auditor should report on his / her work, using the following sections of the audit report template (see Annex 4.4 of the TOR):

- Section 3.1: Summary of financial findings table, with the only modification consisting in replacing "Draft Report" and "Final Report" with "Result of the audit";
- Section 4.1: financial findings, presented one by one;
- Annex 4.3 of the TOR: an Excel file documenting the auditor's verifications, which will be adapted by removing columns for received observations and final findings.

## 2.2 Audit Methodology

### 2.2.1 Sample Determination

The auditor may use sampling based on his / her risk assessment.

Sample determination may be reviewed for each financial year audited.

#### a. Financial audit relating to the use of allocated funds

To ensure that the tests results are representative, the auditor audits at least 65% (in amount) of the total expenditure stated in the financial report. In case of financial findings greater than 10% of the total amount of audited expenditure, the testing rate should be increased to 85%. 50% of each budget line, and 10% of each sub-line, should be audited.

#### b. Procurement Audit

- Option No. 2: all contracts greater than or equal to EUR 2000.

### 2.2.2 Eligibility Conditions

The auditor performs tests and controls of expenditure eligibility by ensuring:

- **its compliance:**
  - with the financing and/or delegation (of funds or of project management) agreement, and with the procedure's manual and contracts,
  - with the annual activity program for which AFD gave a No-objection,
  - with procurement legislation, and other local regulations (e.g., for per diem),
  - with technical standards and standards of professional practice for the performance of contracts.
- **the existence:**

- of supporting documents by type of expenditure provided for by the procedure's manual / in compliance with sound management practices in the absence of requirements in the procedure's manual.
- of the required documentation for procurement procedures and contracts' technical execution;
  - the probative value of supporting documentation (original supporting documentation, compliance with the chronology of dates, compliance with mandatory information requirements, affixing of stamps and signatures);<sup>[L]</sup><sub>[SEP]</sub>
  - that the Project has ensured to obtain the most satisfactory quality/price ratio;
  - that the expenditure/contracts have been incurred/executed by the Entity during the Project implementation period defined in the financing and/or delegation agreement;
  - that the Project has ensured to obtain the most satisfactory quality/price ratio;
  - that the expenditure/contracts have been incurred/executed by the Entity during the Project implementation period defined in the financing and/or delegation agreement<sup>5</sup>;
  - that expenditure is adequately recorded in the Entity's accounts; <sup>[L]</sup><sub>[SEP]</sub>
  - that expenditure does not include any ineligible costs (e.g., certain taxes or VAT).

### 2.2.3 Determination of the Opinion

The possible audit opinions for financial audits are an unqualified opinion, a qualified opinion, an adverse opinion and a disclaimer of opinion. The report template provided to the auditor contains guidance for the formulation of the opinions.

Auditors are now required, when expressing an opinion on the current year's financial statements, to consider the possible effect of a modified opinion (qualified opinion, adverse opinion and disclaimer of opinion) from a previous year that did not result in an appropriate amendment or solution (ISA standard 710). This avoids the accumulation of unresolved findings.

### 2.2.4 Documentation of Identified Misstatements and Weaknesses

The Excel file attached in Annex 4.3 should be used by the auditor to document procedures performed on audited expenditure and contracts and summarise identified misstatements. Other Excel files may be sent to auditors upon request to facilitate the application of audit procedures. Annex 4.3 should be attached to the auditor's report.

Material misstatements detailed in the report must be documented in the auditor's work file electronically or in hard copy and kept for a period of 5 years after approval of the final report.

## 2.3 Audit Procedures

### 2.3.1 Financial Statements Review and Verification of the Use of Allocated Funds

#### Verification of financial statements

The auditor performs the necessary procedures to verify that resources received and used by the Project are effectively reflected in complete, sincere and correctly drawn up financial statements. As such, he/she:



- ensures that the Project financial statements have been prepared in accordance with the requirements set out in the financing and/or delegation agreement as well as in the Project procedures manual (e.g., accrual or cash-based accounting);
- ensures that the financial statements present fairly, in all material aspects, the actual expenditure incurred, and revenue received for the Project for the period subject to the audit, in conformity with the applicable contractual conditions;
- ensures that the financial statements are consistent with other accounting documents including the trial balance and books of accounts;
- ensures that the financial statements are consistent with the technical and financial implementation reports submitted to AFD and any other financial or statutory reports prepared within the context of the Project;
- reviews adjusting entries made during the financial statements closing process;
- reconciles the financial statements with the cash situation and/or bank accounts, including by obtaining direct confirmation from the banks managing the accounts;
- verifies, if applicable, the accuracy of exchange rates used for monetary conversions, as well as their compliance with the financing agreement conditions;
- verifies, if applicable, the procedures used to control funds sent to other entities involved in activities implementation.

The auditor may elect to request written statements in a letter of representation (A template, from ISA 580, is provided in Annex 4.4; the auditor will verify that ISA 580 has not altered this template) signed by member(s) of the Management who are primarily responsible for the Entity's management (ISA 580). The purpose of this approach is to obtain evidence that the Management acknowledges its responsibility for: the financial report's reliability, adherence to the financing agreement conditions, compliance with regulations and best practices for procurement and execution of contracts, and the organisation of an appropriate internal control system.

#### Verification of the use of funds

The objective of these procedures is to ensure that:

- the funds allocated to the Project by AFD for the period subject to the audit have, in all material aspects, been used in conformity with the applicable contractual conditions;
- the statement of assets presents adequately (number, description and value of assets) and exhaustively the assets acquired for the Project for the period subject to the audit, in conformity with the contractual conditions and information contained in the financial report.

The auditor's work covers in particular:

- the compliance verification with accounting principles and specific rules;
- the verification of expenditure's compliance with activities agreed upon in the financing and/or delegation agreement, activity programme and procedures manual, as well as their consistency with technical and financial performance reports;
- the verification that expenditure has been implemented during the implementation period of the audited Project and is supported by accurate, regular and sincere supporting documentation;
- the verification of statements of expenditure: expenditure authorisations, documentation of expenditure statements, compliance, and validity of such statements.

Detailed controls are proposed in the *Financial Module* file, available on the AFD website.

#### Analytical and budgetary procedures

The auditor performs an analytical review of expenditure to verify whether:

- the budget presented in the technical and financial performance reports corresponds to the budget in the financing and/or delegation agreement and/or having received a non-objection notification from AFD (authenticity and approval of the initial budget by lines and sub-lines);
- the expenditure reported in the technical and financial performance reports were foreseen in the budget lines and sub-lines;
- budgetary amendments have been validated by the steering committee and/or have received a non-objection notification from AFD and/or have been formalised in an addendum to the financing agreement;
- the Project absorption rate is consistent with the activities implementation schedule. The auditor examines discrepancies and obtains explanations about over- or under-execution in the budget.

### 2.3.2 Procurement Audit

The auditor examines and assesses the following aspects:

- Review of the procurement system (actors, regulation and procedures)
- deadlines compliance with applicable rules and the Project's specific provisions;

Requirement definition

- contracts compliance with the procurement plan and budgets (implementation calendar and budget envelopes);

Contract management

- The presence of the signed integrity statement.

Contracts subject to an AFD No-objection

For contracts subject to an AFD No-objection, the auditor is asked to verify that the necessary No-objection have been requested and delivered. AML/CFT due diligence

- the performance of AML/CFT (Anti-Money Laundering and Combating the Financing of Terrorism) due diligence by the Entity prior to contract(s) award, in particular verification of the absence of contracts beneficiary(ies) or subcontractors from the financial sanctions lists adopted by the United Nations, European Union and France. Furthermore, the auditor should ensure that the results and ensuing consequences of the search carried out by the Entity have been given due consideration.

### 2.3.3 Follow-up of the Recommendations of Previous Audits

The auditor should review the recommendations contained in previous audit reports, assess their degree of implementation and re-assess their priority level, if required. If it is found that these recommendations have not been applied, the auditor tries to identify the underlying causes and proposes solutions for adjustment purposes.

## 3 Professional obligations

### 3.1 Standards and ethics

#### 3.1.1 Professional Standards to be Used.

The auditor should take into consideration the various guidelines applicable to the production of financial audit reports. With regard to the application of ISA Standards, special attention should be given to the following:

- **Fraud and Corruption:** in accordance with **ISA 240** (Consideration of the risk of fraud and error in an audit of financial statements), it is important to identify and assess the risks of fraud, obtain or provide sufficient audit evidence for the analysis of these risks, and deal with identified or suspected fraud appropriately.
- **Laws and Regulations:** when developing the audit approach and executing the audit procedures, the Project compliance with laws and regulations that may significantly affect financial statements should be assessed, as required by **ISA 250** (Consideration of the risk of misstatement in an audit of financial statements resulting from non-compliance with legal and regulatory texts).
- **Governance:** communication with the Project Management members in charge of governance on major audit matters in compliance with **ISA 260** (Communication on the mission with those charged with Governance).
- **Risks:** to reduce audit risks to a relatively low level, appropriate audit procedures in response to the risks of misstatements identified after the assessment of the internal control system should be implemented, in accordance with **ISA 330** (Audit procedures implemented by the auditor after his risk assessment).

In accordance with **ISAE 3000**, the auditor should prepare audit documentation that provides:

- sufficient and appropriate evidence of the work serving as a basis for his audit report; and
- evidence that the audit has been planned and performed according to ISA standards and in compliance with applicable legislative and regulatory requirements.

Audit documentation is defined as the presentation of the audit procedures performed, relevant evidence collected and conclusions that the auditor has reached.

Audit files consist in one or more folders or other means of archiving, in a physical or electronic form, containing documentation relating to a specific mission.

#### 3.1.2 Ethics and Independence

The auditor should comply with the IFAC Code of Ethics for Professional Accountants, developed and issued by IFAC's International Ethics Standards Board for Accountants (IESBA).

This Code establishes fundamental ethical principles for auditors with regard to integrity, objectivity, independence, professional competence and due care, confidentiality, professional behaviour and technical standards.

### 3.2 Requirements for the Auditor

#### 3.2.1 Auditor's Professional Affiliation

By agreeing these TOR, the auditor confirms that he/she meets at least one of the following conditions:

- the auditor is a member of a national accounting or auditing body or institution which in turn is a member of the International Federation of Accountants (IFAC); or
- the auditor is a member of a national accounting or auditing body or institution; although this organisation is not a member of IFAC, the auditor commits him/herself to undertake this engagement in accordance with the IFAC standards and ethics set out in these TOR.

### 3.2.2 Audit Team Qualifications and Experience

The Auditor will employ staff with appropriate professional qualifications and suitable experience with IFAC standards, in particular International Standards on Auditing and with experience in auditing financial information of entities comparable in size and complexity to the Entity. In addition, the audit team as whole should have:

- experience with audits of development aid projects funded by national and/or international institutions and/or donors;
- experience with procurement audits;
- sufficient knowledge of relevant laws, regulations and rules in the country would be an asset; this includes, but is not limited to taxation, social security and labour regulations, accounting and accounting information systems, procurement; audit experience in the Project sector.

### 3.2.3 Team Profiles

#### 3.2.3.1 Key Experts

Experts who are to perform an important role in the mission are referred to as “Key Experts”.

#### **Category 1 – (Audit partner)**

A Category 1 expert (Audit partner) should be a partner or other person in a position similar to that of a partner and be a highly qualified expert with relevant professional qualifications, and assuming or having assumed team leader and supervisor responsibilities in financial audit practice.

He should be a member of a national or international accounting or auditing body or institution. He must have at least 10 years of experience as a professional auditor or accountant, in the field of donor-funded projects audit.

The audit partner is the person responsible for the specific contract and its performance as well as for the report that is issued on behalf of the firm.

#### **Category 2 – (e.g., Team Leader)**

Team Leader(s) should be qualified expert(s) with a relevant university degree or professional qualification in accounting and/or auditing, procurement, works auditing and/or supervision. They must have at least 8 years of experience as a professional auditor in the field of donor-funded projects audit. They must demonstrate successful experience in managing audit teams.

#### **Category 3 – (e.g., Supervisor)**

Supervisors should be qualified experts with a university degree or relevant professional qualification in accounting and/or auditing, procurement, works auditing and/or supervision and have at least 5 years of experience as a professional auditor in the field of donor-funded projects audit.

#### **Category 4 – (e.g., Senior Auditor)**

Senior auditors should be qualified experts with a university degree or relevant professional qualification in accounting and/or auditing, procurement, works auditing and/or supervision and have at least 3 years of experience as a professional auditor in the field of donor-funded projects audit.

### 3.2.3.2 Non-Key Experts

#### Category 5 – (e.g., assistant auditor)

Assistant auditors must have a university degree in accounting and/or auditing, procurement, works auditing and/or supervision of work and have at least 1 year of professional experience as a professional auditor in the field of donor-funded projects audit.

### 3.2.3.3 Support Staff and Technical Support

The auditor is free to propose additional support (administrative and/or technical) in his/her bid, the cost of which should then be incorporated in the expert fees.

## 3.2.4 Curriculum Vitae (CVs)

The auditor provides the CVs of all experts (key and non-key) proposed as team members. The CVs include information on the types of audits performed by the team members, demonstrating their abilities and capacity to perform the audit, as well as detailed information regarding any relevant experience.

## 3.2.5 Composition of the Audit Team

	Cat 1: Partner	Cat 2: Team Leader	Cat 3: Supervisor	Cat 4: Senior Auditor	Cat 5: Assistant Auditor	TOTAL
Min. No. of auditors	1	1	1	1	1	5
Other personnel (technical or PM)					1	1
<b>TOTAL</b>	1	1	1	1	2	6

## Part 4: PROPOSAL EVALUATION MATRIX

### 4.1 Competency Requirements & Score Weight

The evaluation matrix below reflects the obtainable score specified for each evaluation criterion (technical requirement) which indicates the relative significance or weight of the items in the overall evaluation process.

Evaluation criteria	Score Weight (%)	Points obtainable
<b>Mandatory requirements</b>		
<b>Degree or advance degree in the relevant field(s) for team members related to Accounting, Audit and/or Financial Management. The assignment of staff with recognized professional accounting qualifications, particularly of an international body (CA, CPA CISA or equivalent)</b>		<b>Mandatory requirements.</b> Bidders will be disqualified if any of the requirements are not met
<b>Technical requirements</b>		
Technical requirement 1: Minimum 3 years demonstrated experience in delivering similar Internal Audit / Consulting Services	30%	210
Technical requirement 2: Minimum 3 years demonstrated experience in performing risk assessments and reviewing the effectiveness of control mechanisms	30%	210
Technical requirement: Experience of Personnel provided	20%	140
Technical requirement: A high level of communication skills, including professional fluency in written and oral English and some capacity of an equivalent standard in French	20%	140
<b>Total Score</b>	<b>100%</b>	<b>700</b>

**Financial evaluation** will be carried out using the formula below:

$[\text{Total financial component score}] \times [\text{Lowest price}] / [\text{Price under consideration}] = \text{Score for financial proposal}$