

Government of Rajasthan
Project Management Unit (PMU)
Rajasthan Forestry and Biodiversity Development Project (RFBDP)

F11(13)/PD/RFBDP/Auditor/2023-24/723


Dated: 22nd September 2023

Notice Inviting Expression of Interest (EOI)

The Rajasthan Forestry and Biodiversity Development Project (RFBDP) is pleased to extend an invitation for Expression of Interest from reputable consulting firms for Hiring of Auditors under RFBDP

Name and Address of the Procuring Entity	Project Director, Rajasthan Forestry and Biodiversity Development Project (RFBDP), Arawali Bhawan, Jhalana Institutional Area, Jaipur - 302004, Rajasthan, India
Name and Address of the Officer-in-charge	Kapil Chandrawal Dy. Project Director Office of the Project Director, Rajasthan Forestry and Biodiversity Development Project (RFBDP), Arawali Bhawan, Jhalana Institutional Area, Jaipur - 302004, Rajasthan, India
Bid Procedure	Two-Stage Open Competitive Bidding The bidding process will take place in two stages as described below: 1. Stage-I Shortlisting of bidders through EOI 2. Stage-II RFP shall be issued to shortlisted bidders in Stage-I
Websites for downloading Bidding Documents, Corrigendum, Addendums, etc.	Websites: 1. https://sppp.rajasthan.gov.in 2. https://eproc.rajasthan.gov.in 3. https://forest.rajasthan.gov.in 4. https://afd.dgmarket.com
Processing Fee	Rs. 2,000/- (Non- refundable) in the form of Demand Draft/ Banker's Cheque issued in favor of "Managing Director, RISL" payable at Jaipur
Start and End Date for the Submission of Bids	Start Date: 22nd September 2023 End Date: 11 th October (Wednesday) 2023
Bid Validity	90 Days from the bid submission deadline
Bid Submission Method	Online submission on https://eproc.rajasthan.gov.in portal

Note: Demand Draft (D.D.) of processing fee should be submitted manually in the office of the Project Director, Rajasthan Forestry and Biodiversity Development Project (RFBDP), Arawali Bhawan, Jhalana Institutional Area, Jaipur- 302004, Rajasthan, India.


 (Kapil Chandrawal),
 Dy. Project Director
 RFBDP, Jaipur

Rajasthan Vaniki evam Jaiv Vividhta Vikas Samiti (RVJVS)
 Aravalli Bhawan, Jhalana Institutional Area, Jaipur 302004, Rajasthan, India
 Ph. 0141-2709101 e-mail : rfdp.afd@gmail.com

Selection of Consultants

Request for Expressions of Interest

**Consulting Services: Hiring of Auditors for
Rajasthan Forestry and Biodiversity
Development Project**



September 2023

CONSULTING SERVICES

Expressions of Interest

Project Context

Rajasthan is India's most arid state, with only 1.16 percent of the country's surface water. The Thar Desert covers two-thirds of the state's geographical area. The state's average rainfall is 531 mm, compared to the national average of 1,200 mm. (Figures have to be checked) Due to severe climatic conditions, Rajasthan's forest and tree cover is only 7.42% (forest cover is 4.87%, and tree cover is 2.55%, respectively) figures have to be checked, far below the national average of 23.4 %. The extent of open forest in Rajasthan is as high as 73.30% of the total forest. Despite such challenging climatic conditions, the state has a rich and unique biodiversity, with ecosystems ranging from desert ecosystems in the west to moist deciduous forests in the south. The Aravalli acts as a natural barrier to the advancement of the western desert.

The state's biodiversity resources are constantly threatened by a variety of natural and anthropogenic factors, such as grazing, mining, poaching, and man-animal conflict, as well as by the global issue of climate change. Furthermore, due to recurrent drought and increasing human and livestock pressure, the state faces a significant desertification challenge. About 75% of the state's total population lives in rural areas, and large numbers of impoverished people rely on the forest for a living. Over the years, the degradation of forest and grazing lands has impacted their means of subsistence.

Conservation of biodiversity and sustainable development are inextricably linked. Long-term social and economic growth requires environmental security. The majority of rural livelihoods rely on natural resources, either directly or indirectly. As the custodian of the forests, the Forest Department operates at the crossroads of people and natural resources and has to be prepared to deal with a wide range of challenges and respond quickly to issues related to conservation and resource management. ✓

The French Development Agency – Agence Française de Développement (AFD) – and the State Government of Rajasthan intends to fund 'The Rajasthan Forestry and Biodiversity Development Project (RFBDP)' to assist the Forest Department of Rajasthan in its efforts to effectively manage its forest and biodiversity. RFBDP would advocate for increased forest management orientation towards improving the state's overall ecological status through targeted interventions for biodiversity conservation and community empowerment. The RFBDP is intended to enable the Forest Department to carry out interventions to conserve biodiversity, resolve human-wildlife conflict, and reduce the risk of severe ecological losses. The project will cover approximately 800 villages in 13 districts of eastern Rajasthan and any new districts made from them (Alwar, Baran, Bhilwara, Bharatpur, Bundi, Dausa, Dholpur, Jaipur, Jhalawar, Karauli, Kota, Sawai Madhopur, and Tonk). The project will have a duration of 8 years and will be implemented through a dedicated Project Society (SPV), registered for the purpose under Rajasthan Societies Registration ACT, 1958. The management of Society will be entrusted to a High Power Committee headed by Chief Secretary, Rajasthan, Jaipur. Society will also have a General Body headed by the Minister in charge of the Forest, Environment Climate Change Department, Rajasthan, Jaipur. Society will have a Project Management Unit at the State level for overall implementation and monitoring of the project.

II. Project Objectives

The RFBDP is expected to provide strong support to the Department in order to secure critical natural resources for Rajasthan, the growth and management of which directly correspond to National Commitments and International Agreements. The project would improve the network of protected areas in order to protect wildlife habitat. By involving social groups in the development and management of the project and providing livelihoods to diverse groups of women and men, the Project shall emphasize the importance of socioeconomically and gender-differentiated traditional and community knowledge in conservation. RFBDP will pursue the following objectives:

To Protect and develop natural forests of Project Areas in the project area.

To improve the conservation status of threatened taxa

To restore grasslands for fodder management and enhance carbon sequestration

To improve the biological diversity and preservation and restoration of habitats including wetlands

Secure sustainable forest management by improving forest administration, community organizations, livelihood, and other stakeholders.

III. Project Goals

The details of the project goals are as follows:

Goal 1: To promote the conservation of plant species diversity and increase the green cover

Increase the forest cover of the State by intensive and extensive afforestation on available forest as well as non-forest lands.

Improving Tree outside Forest Cover by incentive-based agroforestry.

The forest area of Rajasthan shall be effectively conserved by both in-situ and ex-situ methods or by the creation of plant Micro-reserves as well as by adopting different plantation models.

Scientific eradication of invasive alien species, such as *Prosopis juliflora* and *Lantana camara*, for the regeneration of local biodiversity in the state.

Areas of particular importance to biodiversity i.e., National Parks, Sanctuaries, Wetlands, Sacred Groves (Orans), etc shall be protected

Habitat improvement of wildlife sanctuaries, conservation reserves, etc., for improvement in wildlife and reduction of man-animal conflicts.

To improve the status of threatened species.

Goal 2: To improve the soil and moisture condition of degraded forest areas, pasturelands, and other non-forest areas by soil moisture conservation work

Construction of Soil and moisture conservation structures in forest areas, Protected Areas, and non-forest areas with the expectation of improving the moisture regime. Such activities shall also impinge directly on the growth of grass & other undergrowth, thereby creating new and effective carbon sinks. Conservation of rainwater and increased carbon sequestration are vital components in climate change mitigation and local adaptation.

Goal 3: Conservation of Biodiversity and Reduction in Man-Animal Conflict

In-situ and ex-situ conservation of flora and fauna by creation/development of Plant Micro Reserves, Protection of forest boundaries by the construction of boundary walls, Conservation Reserves and Habitat improvement of existing protected areas.

Habitat improvement of wildlife sanctuaries and protected areas for improvement in wildlife and reduction in man-animal conflicts.

Goal 4: To maintain the capacity of ecosystems to deliver goods and services and support livelihoods

Biological resources support sustainable livelihoods, especially of poor people. Such resources need both maintenance and augmentation. Ecosystem services thus supported are likely to impact positively farm-based livelihoods in the vicinity.

Protection of traditional knowledge, innovations, and practices including their rights to benefit sharing. Gender inclusiveness and transformative approaches shall be adopted to ensure social inclusion across the project activities.

A. Objectives of the Audit

The RFBDP is expected to keep regular accounts of the project funds. The principle of accounting prescribed as per the Project Agreement between the AFD and the Government of Rajasthan shall be followed.

The Project thus intends to hire an independent auditor to audit project finances on a quarterly and annual basis.

The objectives of this audit are to enable the auditor to express an independent, professional opinion about the financial situation (fund utilization) of the Project. These would broadly include-

- The accounting and financial auditing of the expenditure done under the Project, by the "Accounting Centres" of the Project Management Unit (PMU) and the Field Implementation Units (FIUs). The audit will cover all the designated accounting centers and will review transactions on a reasonable sample basis, covering requisite numbers of Accounting Centres (excluding the PMU) every year in field visits (approximately 5 every quarter) to reach a designated threshold.
- Compliance with the procedures set out for project implementation in the Credit Facility Agreement, Project Agreement, AFD Guidelines, financial/procurement guidelines set out in the Manual of Procedures, and the Annual Work Plan and Budget.
- Ensure that the funds made available for the project have been used in accordance with the purposes for which they have been allocated, in line with the contractual documents of the AFD and the EU.

The accounting books and documents, accounting audit reports, auditors' reports, the dedicated bank account statements of the RFBDP, and all the reports on the execution and control of the budget and financial years form the basis for the verification of the project Financial Statements.

They should account for the financial transactions of the project in a faithful manner, based on an exhaustive verification of the documentary evidence of transactions, with references to the accounting standards and principles and administrative manuals and procedures in effect.

B. The services of the consultant shall consist of:

In view of the above, the mission of the auditor is to conduct a thorough Financial Audit of the project, covering the following aspects:

- a. An analysis of the Financial Statements on which the auditor gives a professional and independent opinion concerning the financial accounts of the PMU. The analysis is to be conducted in accordance with Indian Auditing Standards. In accordance with these auditing standards, the auditor shall request a confirmation letter from the counterparty, establishing the liability of the Project in terms of preparing the financial statements and maintaining an adequate control system;
 - i. The PMU and each FIU shall have 'Accounting Centers' through which all project expenditures will be made.
 - ii. The financial audit will consist of verification of the accounts of the Accounting Centre, covering all financial documents generated (utilization certificates, vouchers, cash books, Statements of Expenditure, financial statements, and any other financial reports)
- b. Verification that all Drawdowns/ Advances paid into the Project Account have been used in accordance with the terms of the CFA and Manual of Procedures against respective contracts and respective activity heads.
- c. Conducting taxation-related work, including the filing of GST returns, Income Tax, etc.
- d. Any weaknesses or irregularities discovered during the audit, as well as a categorization by type of problem and proposals for regularization measures (the comments shall in particular concern the internal and external causes of the anomalies or weaknesses identified);
- e. Establish a detailed and objective assessment of any fraud, falsifications of financial statements, or misappropriation of assets from funds allocated to this program detected by the mission.

Based on every audit, the auditor shall provide recommendations to mitigate any areas of concern identified such as consistent irregularities, capacity gaps in the creation of financial reports, particular FIUs requiring additional supervision, the effectiveness of internal control measures, or any other challenges/ matters of concern. The recommendations shall be clear in their proposed solution, specifying the responsible party and the actions that need to be taken. Every subsequent report shall identify the status of the action taken on implementing previously identified recommendations.

The financial analysis covers the period of 5 years of RFBDP. However, the contract duration may be modified as per the necessary conditions.

The audit covers the account(s) opened in the context of the Project implementation. It shall provide the assurances that the financial statements reliably set out the financial transactions and accounting balances related to the execution of each financial year.


The auditor shall have access to all the legal, accounting, and financial documentation, correspondence, and any other information about the Project deemed necessary. The auditor shall obtain confirmation of the amounts disbursed and of the balance of accounts from the dedicated account.

The auditor shall also schedule meetings with the PMU, FIUs, and AFD as may be required.

The audit will be performed at RFBDP, Aravali Bhawan, the Forest Department, Rajasthan. The auditor will also be required to conduct requisite field visits in Field Implementation Units (FIUs) across the state, each of which will have its Accounting Centre. The auditor should confirm the location for the audit with the Client prior to the start of the audit fieldwork and ensure that relevant supporting documents, as well as key staff, will be available during the audit.

The auditor will inform PMU as soon as possible about any limitations in the scope of work he/she may find prior to or during the audit. The auditor will report any attempt by any entity to restrict the scope of the audit or any lack of cooperation on the part of any entity.

The auditor will follow:

- 
- I. Substantive Testing
 - a) Conducting substantive tests on transactions, account balances, and disclosures
 - b) Performing detailed testing of revenue recognition, expenses, assets, and liabilities.
 - c) Verifying the accuracy and completeness of supporting documentation
 - II. Compliance Audit
 - a) Reviewing compliance with applicable laws, regulations and funding agreements
 - b) Ensuring adherence to tax regulations, government guidelines, and specific requirements
 - III. Audit of Financial Statements
 - a) Expressing an opinion on the fairness and accuracy of the financial statements
 - b) Highlighting any material misstatements as per accounting standards
 - IV. Reporting
 - a) Provide guidance on maintaining proper books of accounts, record keeping, and adherence to accounting principles/standards and best practices applicable and relevant to RFBDP
 - b) Prepare and assist in providing replies to effectively address any queries/observation/paras raised by the CAG auditor or any other authorities related to the matters covered under the audit scope of the external Auditor.
 - c) Communicate and assist in implementing necessary updates, including new sections/rules/amendments applicable to the RFBDP, ensuring timely adaptation and compliance to regulatory changes.
 - d) TO provide certificates for specific purposes as required to be provided by the external Auditor to the funding agencies or government organizations.
- C. Selection Method:** Selection may be made following the 'Quality and Cost Based Selection (QCBS) method. In the QCBS method, the combined Quality and Cost Score is arrived at by weighting the quality and cost scores in the ratio of 80:20, respectively for Technical and Financial Scores. The RFP shall indicate only the minimum input months required for the assignment.
- Evaluation and appointment of the project's internal auditor are done following a two-stage process i.e. the Expression of Interest (EOI) stage and the Request for Proposal (RFP) stage. At each stage, the applicant private audit firms (PAF) are evaluated on pre-determined parameters

D. Evaluation and Shortlisting

After the scrutiny of the EOI, PAFs who meet the minimum eligibility criteria are further evaluated to arrive at the

shortlist of a maximum of six firms.

Rajasthan Forestry and Biodiversity Development Project (RFBBDP) shall determine the criteria for short-listing the audit firms in consultation with the Bank. The PIA may base the evaluation on the following parameters:

- i. Long-standing of the firm;
- ii. Turnover of the firm;
- iii. Experience of the firm;
- iv. Experience and association of the partners;
- v. Experience and association of the full-time staff;
- vi. Locational presence of the audit firm.

- E. The RFBBDP hereby invites Applicants to show their interest in delivering the Services described above.
- F. This Request for Expressions of Interest is open to Consulting (CA) firms (single bidders/ joint ventures/ consortiums):
- G. Eligibility criteria for AFD financing are specified in sub-clause 1.3 of the "Procurement Guidelines for AFD-Financed Contracts in Foreign Countries", available online on AFD's website: <http://www.afd.fr>.

In support of meeting the Minimum Eligibility Criteria, the applicant firm should submit documentation as specified below:

- i. A self-attested copy of the latest empanelment intimation letter issued by the CAG containing the Unique Identification Number and the score. The PAF (Private Audit Firm) confirms that it is included in the panel for major audits;
 - ii. A certificate from the firm to the effect that no partner of the firm has been found guilty of professional/other misconduct by the Institute of Chartered Accountants of India under the First or Second Schedule of the Chartered Accountants Act, 1949 or is one against whom disciplinary sanction orders have been passed by the Public Companies Accounting Oversight Board. In case the firm has such partners, the firm provides details of such partners and certifies that they will not be associated with the audit in any manner;
 - iii. A Declaration signed by an authorized partner of the audit firm verifying that the applicant is independent of the entity to be audited and that they have no relationship with the entity to be audited (in particular, the auditor should not be employed by, serve as director for, or have any financial or close business relationship with the entity during the period(s) covered by the audit or immediately thereafter for a period of two years);
 - iv. A self-attested copy of the latest firm constitution certificate issued by the ICAI (this certificate shall also act as evidence for verifying the Date of Constitution of the firm). This certificate should not be older than 30 days from the date of the EoI.
 - v. A Self-certified statement giving the date of establishment of the branch and name of Partner/CA qualified employee in charge of the firm;
 - vi. Additionally, EOIs should ask for sufficient information so that the Borrower may evaluate the auditors' capabilities and eligibility to undertake the assignment.
- H. The Applicant shall submit only one application, in its own name. If an Applicant submits or participates in more than one application, those applications shall be all rejected. Also, participation of the same JV partner/ Sub- consultants, Key Experts, and Non-Key Experts in more than one Proposal is NOT permissible. Any consultants/ experts associated with the upstream activities of the project shall not be eligible to apply.
- If the Applicant is a JV, the expression of interest shall include:
- a copy of the JV Agreement entered into by all members, or
 - a letter of intent to execute a JV Agreement, signed by all members together with a copy of the Agreement proposal,
- In the absence of this document, the other members will be considered as sub-consultants.
- I. Experiences and qualifications of sub-consultants are not taken into account in the evaluation of the applications.
 - J. Interested Applicants must provide information evidencing that they are qualified and experienced to perform those Services. For that purpose, documented evidence of recent and similar services shall be submitted.
 - K. Determination of the similarity of the experiences will be based on:
 - The contracts size;

- The nature of the Services
- The technical area and expertise
- The location



- L. Among the submitted applications, [Rajasthan Forestry and Biodiversity Development Project]] will shortlist a maximum of six (6) Applicants, to whom the Request for Proposals to carry out the Services shall be sent.

The last date of receipt of sealed EoI documents (1 original, 4 copies, and soft copy of the same (either in CD or in Pen drive)) in English at the above-mentioned address is of September 2023 by 03:00 P.M.

Sd/-
Project Director,
Project Management Unit, RFBDP, Jaipur,
Tel: 0141-2709101
email: rfbdp.afd@gmail.com

Annexure 1: Format for Expression of Interest

The expression of interest must be submitted along with the following documents:


- a) FORM 1: Organization Details
 - b) FORM 2: Compliance to Eligibility Criteria
 - c) FORM 3: Credentials / Past Experiences for all the projects cited under eligibility criterion
- [Note: In case, documents submitted are in any language other than English, the consultant shall submit a self-certified copy of the translated document in English (along with originals).]

FORM 1: Organization Details

Section1: About the EoI Respondent				
I.	Name of the Organization			
II.	Details of the Organization	<ul style="list-style-type: none"> Address of the Registered Office: Telephone: Website : 		
III.	Information about Organization	<ul style="list-style-type: none"> Year of Establishment: Status of the Organization: (Sec25, Societies): 		
IV.	Name and designation of the person authorized to make commitments	<ul style="list-style-type: none"> Name Designation E-mail Contact Number 		
V.	Annual Turnover of Rs. 2 crore for the last three financial years (Please attach audited accounts statements for the last 3 years)	Financial Year	Annual Turnover (INR)	
		2020-21		
		2021-22		
		2022-23		
VI.	Number of professionals in the organizations			

Form2: Compliance to Eligibility Criterion

Sn	Eligibility Criterion	Compliance (Yes / No)	Documentary Evidence Provided
1	The consultants (the Lead Bidder) must be a registered legal entity and should have been in existence for at least 15 years		Copy Certificate of Incorporation issued by the relevant authority in the country of establishment
2	The consultants (including the JV partner) must be empaneled with the Comptroller & Auditor General (C&AG) of India in the panel of audit firms eligible for major audits		Copy of the latest empanelment intimation letter issued by the C&AG containing the Unique Identification Number and the score
3	Experience in the audit of projects (03 projects) relating to Grants or Loans from International Agencies (during the last Five Financial Years)		Work order delivered of previous projects
4	Annual Turnover of Rs. 2 crore for the last three financial years of the Lead Bidder		Attach audited statements for the last three years (2020-21, 2021-22 & 2022-23)

5	Experience in at least one project in audit of government projects (relating to Forest/Biodiversity Conservation, Natural Resource Management, Community Engagement, Rural Development, etc. (during the last Five Financial Years)		Work order delivered of previous projects
6	Presence in the state where project headquarters are located (more than 3 years)		Work order delivered of previous Projects 
7	The company should have at least 10 full-time consulting professionals on its rolls as of 31.03.2023		Details of the professionals along with their CVs

**Form3: Format for Credentials / Past Experiences for projects cited under eligibility criterion
3 & 4 (Maximum 2 pages per credential)**

Assignment name :	Country: Location within the country
Name of Client :	Address :
Name of the Legal Entity in whose name the contract is :	Duration of assignment (months) :
No. of man-months of the assignment :	Start date (Month/year) : Completion date (Month/year) :
Approx. value of the overall contract (in INR):	
Name of associated organizations, if any :	Role of Consortium member :
Narrative Description of the Project :	
Detailed Scope of services, coverage, and relevance to this project :	
Copy of Contract attached/ grant funding?	YES /NO

Annexure-A

1.1 Criteria for Shortlisting at the EOI Stage

Criteria	Weightage %
1. Long-standing of the firm	10
2. Turnover of the firm for the last three financial years (FY) from internal audit and assurances services	15
3. Experience and Association of Partners	15
4. Experience and Association of qualified full time staff (being CAs or Cost Accountants or technically qualified staff relevant to the project)	10
5. Experience of the firm during the last 5 years in the audit of Financial Statements/Internal Audit relevant to the assignment in Externally Aided Project (EAP) and in government project in the last five years	45
6. Presence in the state where project headquarters are located (more than 3 years)	5
Total	100

1.2 Criteria (Detailed) and Scoring Scheme for Shortlisting at the EOI Stage

Criteria	Scoring	Maximum Points	Documentation
1. Long-standing of the firm	1 point for each year of existence <u>over 15 years</u>	10	Date of Constitution of the firm as evidenced by the firm constitution certificate issued by ICAI
2. Turnover of the firm for the last three financial years (FY) from audit and assurances services ("Specified Turnover")	<ul style="list-style-type: none"> 15 points for a Specified Turnover of Rs. 2 crores or above in each of the last three FYs; 	15	Self-certified; the PAF will provide the total turnover and the Specified Turnover "Turnover" would mean the professional fee earned excluding service tax and traveling.
3. Experience and Association of Partners	<ul style="list-style-type: none"> 3 points for each Partner with Post Qualification Experience (PQE) of 10 years or more with the firm 2 points for each Partner with a PQE of 5 years or more with the firm 1 point for each Partner with a PQE of more than 1 year with the firm 	15	List of Partners with date of qualification and number of years of PQE with the firm supported by the latest firm constitution certificate issued by ICAI

4. Experience and Association of qualified full-time staff (being CAs or Cost Accountants or technically qualified staff relevant to the project)	<ul style="list-style-type: none"> • 3 points for each full-time staff with a PQE of 10 years or more with the firm • 2 points for each full-time staff with a PQE of 5 years or more with the firm • 1 point for each full-time staff with a PQE of more than 1 year with the firm 	10	List of full-time staff with the date of qualification and number of years of PQE with the firm supported by the latest firm constitution certificate issued by ICAI Documentation showing the qualifications and experience of staff other than CAs
---	--	----	--

5. Experience of the firm during the last 5 years in the audit of Financial Statements/Internal Audit of -			List of the clients audited by the firm and signed under the firm name only, giving the date of issue of the audit report and self-attested copies of the appointment letters (only assignments in respect of which audit report has been issued during the last 5 years from the date of EoI and pertaining to the project as a whole should be included)
a . Projects financed by International agencies (Externally Aided Projects)	4 points for each project in addition to 3 projects	20	
b. Projects relating to Forest/Biodiversity Conservation, Natural Resource Management, Community Engagement, Rural Development, etc.	3 points for each project in addition to 1 project	15	
c. Agencies implementing government projects (other than above)	2 points for each project in addition to 1 project	10	
6. Presence in the state where project headquarters are located	<ul style="list-style-type: none"> • 3 points if a branch office of the applicant firm is located in the hub states for at least 5 years and headed by a partner of the firm • 1 point if either the branch is in existence for less than 5 years but more than 3 years or is headed by a qualified employee. <p>Scores shall be allotted to each branch office separately, up-till maximum 5 marks.</p>	5	Latest firm constitution certificate issued by ICAI Date of the establishment of the branch and name of Partner/CA qualified employee in charge of the firm
Total		100	

**Appendix to The Request for Expressions of Interest
(To be submitted with the application, signed and
unaltered)**


Statement of Integrity, Eligibility and Environmental and Social Responsibility

Reference of the bid or proposal _____ (the "Contract")


To: _____ (the "Contracting Authority")

1. We recognize and accept that *Agence Française de Développement* ("AFD") only finances projects of the Contracting Authority subject to its own conditions which are set out in the Financing Agreement which benefits directly or indirectly to the Contracting Authority. As a matter of consequence, no legal relationship exists between AFD and our company, our joint venture or our suppliers, contractors, subcontractors, consultants or sub-consultants. The Contracting Authority retains exclusive responsibility for the preparation and implementation of the procurement process and performance of the contract. The Contracting Authority means the Purchaser, the Employer, the Client, as the case may be, for the procurement of goods, works, plants, consulting services or non-consulting services.
2. We hereby certify that neither we nor any other member of our joint venture or any of our suppliers, contractors, subcontractors, consultants or sub-consultants are in any of the following situations:
 - 2.1 Being bankrupt, wound up or ceasing our activities, having our activities administered by the courts, having entered into receivership, reorganization or being in any analogous situation arising from any similar procedure;
 - 2.2 Having been:
 - a) convicted, within the past five years by a court decision, which has the force of *res judicata* in the country where the Contract is implemented, of fraud, corruption or of any other offense committed during a procurement process or performance of a contract (in the event of such conviction, you may attach to this Statement of Integrity supporting information showing that this conviction is not relevant in the context of this Contract);
 - b) subject to an administrative sanction within the past five years by the European Union or by the competent authorities of the country where we are constituted, for fraud, corruption or for any other offense committed during a procurement process or performance of a contract (in the event of such sanction, you may attach to this Statement of Integrity supporting information showing that this sanction is not relevant in the context of this Contract);
 - c) convicted, within the past five years by a court decision, which has the force of *res judicata*, of fraud, corruption, or of any other offense committed during the procurement process or performance of an AFD-financed contract;
 - 2.3 Being listed for financial sanctions by the United Nations, the European Union, and/or France for the purposes of fight-against-terrorist financing or threat to international peace and security;
 - 2.4 Having been subject within the past five years to a contract termination fully settled against us for significant or persistent failure to comply with our contractual obligations during contract performance, unless this termination was challenged and dispute resolution is still pending or has not confirmed a full settlement against us;
 - 2.5 Not having fulfilled our fiscal obligations regarding payments of taxes in accordance with the legal provisions of either the country where we are constituted or the Contracting Authority's country;
 - 2.6 Being subject to an exclusion decision of the World Bank and being listed on the website <http://www.worldbank.org/debar> (in the event of such exclusion, you may attach to this Statement of

Integrity supporting information showing that this exclusion is not relevant in the context of this Contract);

- 2.7 Having created false documents or committed misrepresentation in documentation requested by the Contracting Authority as part of the procurement process of this Contract.
3. We hereby certify that neither we nor any of the members of our joint venture or any of our suppliers, contractors, subcontractors, consultants, or sub-consultants are in any of the following situations of conflict of interest:
- 3.1 Being an affiliate controlled by the Contracting Authority or a shareholder controlling the Contracting Authority, unless the stemming conflict of interest has been brought to the attention of AFD and resolved to its satisfaction;
- 3.2 Having a business or family relationship with a Contracting Authority's staff involved in the procurement process or the supervision of the resulting Contract, unless the stemming conflict of interest has been brought to the attention of AFD and resolved to its satisfaction; 
- 3.3 Being controlled by or controlling another bidder or consultant, or being under common control with another bidder or consultant, or receiving from or granting subsidies directly or indirectly to another bidder or consultant, having the same legal representative as another bidder or consultant, maintaining direct or indirect contacts with another bidder or consultant which allows us to have or give access to the information contained in the respective applications, bids or proposals, influencing them or influencing decisions of the Contracting Authority;
- 3.4 Being engaged in a consulting services activity, which, by its nature, may be in conflict with the assignments that we would carry out for the Contracting Authority;
- 3.5 In the case of procurement of goods, works, or plants:
- a) Having prepared or having been associated with a consultant who prepared specifications, drawings, calculations and other documentation to be used in the procurement process of this Contract;
- b) Having been recruited (or being proposed to be recruited) ourselves or any of our affiliates, to carry out works supervision or inspection for this Contract.
4. If we are a state-owned entity, and to compete in a procurement process, we certify that we have legal and financial autonomy and that we operate under commercial laws and regulations.
5. We undertake to bring to the attention of the Contracting Authority, which will inform AFD, of any change in situation with regard to points 2 to 4 here above.
6. In the context of the procurement process and performance of the corresponding contract:
- 6.1 We have not and we will not engage in any dishonest conduct (act or omission) deliberately intended to deceive others, to intentionally conceal items, to violate or vitiate someone's consent, to make them circumvent legal or regulatory requirements, and/or to violate their internal rules in order to obtain illegitimate profit;
- 6.2 We have not and we will not engage in any dishonest conduct (act or omission) contrary to our legal or regulatory obligations or our internal rules in order to obtain illegitimate profit;
- 6.3 We have not promised, offered, or given and we will not promise, offer or give, directly or indirectly to (i) any Person who holds a legislative, executive, administrative, or judicial mandate within the State of the Contracting Authority regardless of whether that person was nominated or elected, regardless of the permanent or temporary, paid or unpaid nature of the position, and regardless of the hierarchical level the Person occupies, (ii) any other Person who performs a public function, including for a State institution or a State-owned company, or who provides a public service, or (iii) any other person

defined as a Public Officer by the national laws of the Contracting Authority's country, an undue advantage of any kind, for himself or for another Person or entity, for such Public Officer to act or refrain from acting in his official capacity;

- 6.4 We have not promised, offered, or given and we will not promise, offer or give, directly or indirectly to any person who occupies an executive position in a private sector entity or works for such an entity, regardless of the nature of his/her capacity, any undue advantage of any kind, for himself or another person or entity for such Person to perform or refrain from performing any act in breach of its legal, contractual or professional obligations;
- 6.5 We have not and we will not engage in any practice likely to influence the contract award process to the detriment of the Contracting Authority and, in particular, in any anti-competitive practice having for an object or for effect to prevent, restrict or distort competition, namely by limiting access to the market or the free exercise of competition by other undertakings; 
- 6.6 Neither we nor any of the members of our joint venture or any of our suppliers, contractors, subcontractors, consultants, or sub-consultants shall acquire or supply any equipment nor operate in any sectors under an embargo of the United Nations, the European Union, or France;
- 6.7 We commit ourselves to comply with and ensure that all of our suppliers, contractors, subcontractors, consultants, or sub-consultants comply with international environmental and labor standards, consistent with laws and regulations applicable in the country of implementation of the Contract, including the fundamental conventions of the International Labor Organization (ILO) and international environmental treaties. Moreover, we shall implement environmental and social risk mitigation measures when specified in the environmental and social commitment plan (ESCP) provided by the Contracting Authority.
7. We, as well as members of our joint venture and our suppliers, contractors, subcontractors, consultants, or sub-consultants authorize AFD to inspect accounts, records, and other documents relating to the procurement process and performance of the contract and to have them audited by auditors appointed by AFD.

Name: _____ In the capacity of: _____

Duly empowered to sign in the name and on behalf of¹: _____

Signature: _____

Dated: _____

¹ In case of joint venture, insert the name of the joint venture. The person who will sign the application, bid or proposal on behalf of the applicant, bidder or consultant shall attach a power of attorney from the applicant, bidder or consultant.



Agence française de Développement¹
5 Rue Roland-Barthes
75012 PARIS

**TERMS OF REFERENCE FOR A [FINANCIAL, INTERNAL
CONTROL SYSTEM,
PROCUREMENT, TECHNICAL]² AUDIT**

If there is a Service Request Number

<request number>

< PROJECT/PROGRAMME TITLE³ >

Agreement number(s):

Entity subject to the audit:

< name of the Entity implementing the Project /
Programme >

Country:

< country where the Project/Programme is
implemented >

Contracting Authority:

< Signatory Authority: AFD or National Contracting
Authority >

Provisional audit contract conclusion date:

< contract signature date >

Period covered:

<financial year(s) covered by the audit >

¹ Remove AFD logo and address in the case where a national contracting authority is managing the audit.

² Select only the modules to be included in the audit. Proceed likewise for the header.

³ Additional information is provided on the 1st page of Annex I.

Contents

Contents.....	2
1 Audit Context, Objectives and Scope.....	5
1.1 Context.....	5
1.1.1 Presentation of AFD.....	5
1.1.2 Presentation of the Project / Programme.....	5
1.1.3 Context of the Audit.....	5
1.2 Audit Objectives.....	6
1.3 Scope (or Extent) of the Audit.....	6
1.3.1 Contractual Conditions.....	6
1.3.2 Period(s) Covered.....	7
1.3.3 Financial and Volume Data	7
1.3.4 Restrictions to the Scope of Work.....	8
2 Audit Methodology and Reference Framework.....	8
2.1 Conduct of the Audit.....	8
2.1.1 Audit Stages.....	8
2.1.2 Audit Timetable	10
2.1.3 Engagement Logistics.....	11
2.1.4 Volume of Services	11
2.1.5 Report Structure and Content	11
2.2 Audit Methodology.....	12
2.2.1 Sample Determination.....	12
2.2.2 Eligibility Conditions	13
2.2.3 Determination of the Opinion	14
2.2.4 Documentation of Identified Misstatements and Weaknesses	14

2.3	Audit Procedures	14
2.3.1	Audit of the Internal Control System.....	14
2.3.2	Financial Statements Review and Verification of the Use of Allocated Funds.....	17
2.3.3	Audit of Direct Payments Made by AFD.....	19
2.3.4	Procurement Audit.....	19
2.3.5	Technical Audit.....	21
2.3.6	Follow-up of the Recommendations of Previous Audits	22
3	Professional obligations.....	22
3.1	Standards and ethics.....	22
3.1.1	Professional Standards to be Used	22
3.1.2	Ethics and Independence.....	23
3.2	Requirements for the Auditor	23
3.2.1	Auditor's Professional Affiliation	23
3.2.2	Audit Team Qualifications and Experience	23
3.2.3	Team Profiles	24
3.2.4	Curriculum Vitae (CVs).....	25
3.2.5	Composition of the Audit Team.....	25
4	Appendices	26
4.1	Key Project/Programme Information.....	26
4.2	Nomenclature of Findings and Misstatements.....	26
4.3	List of Expenditures and Findings (Model)	26
4.4	Audit Report Template.....	26
4.5	Letter of Representation (Model)	26
4.6	List of Awarded Contracts	26
4.7	AFD Contract Award Checklist.....	26

Instructions for using these standard TOR

- **complete** the requested information between the < >, highlighted in grey
- **choose** the optional text highlighted in yellow between [], or remove
- **remove** all instructions and footnotes in red, as well as this box. The methodology guide provides guidance for some options, including the choice of audit modules.
- **The text and wording provided in these TOR should be adapted according to the project.**

Questions about these standard TOR may be addressed to :

- General questions: GEP, Regional Portfolio Manager
- AML/CFT compliance, and for cases of suspicion of fraud or corruption: DCO
- Procurement: APM
- Social and Environmental Responsibility (SER) requirements: AES

1 Audit Context, Objectives and Scope

1.1 Context

1.1.1 Presentation of AFD

Standard presentation of AFD. The presentation below may be used (excerpt from the institutional publication “AFD – Overview,” September 2017):

[AFD is a central actor in France’s development policy and supports States, companies, local authorities and NGOs. It builds synergies with them to catalyze, feed into and disseminate innovative solutions that benefit people. Through its network of 85 agencies, AFD operates in 108 countries, where it is currently financing, monitoring and supporting over 2,500 development projects.]

1.1.2 Presentation of the Project / Programme

Additional information about the Project / Programme is available in Annex 4.1 **to be completed by the project team.**

The presentation should include information on:

- < the Project / Programme history and background (previous phases, country context and sector concerned, etc.), the history of similar projects / programmes implemented in the recipient country and in the sector concerned, the types of financing and support provided by other donors ⁴ >;
- < the Project / Programme (date of signature and duration, amount, location, existence of co-financing arrangements or management of delegated funds⁵, number and description of components, financing plan, execution rate, completion schedule, banking circuit and description of disbursement modalities provided in the agreement and bank accounts, etc.) >;
- < the institutional context and role of the main actors / monitoring and control mechanism (state structures involved, composition of the Project/Programme management or coordination unit,⁶ existence of a steering committee, technical committee, etc.)>.

1.1.3 Context of the Audit

Specify the conditions for the launch of this audit. Refer to the terms of the agreement regarding the conduct of audits and inspections, and specify on which basis the audit is conducted: audit planned in the financing agreement, complementary audit following a specific event, suspicion of fraud or corruption (with prior validation from DCO to preserve investigations), etc.

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

⁴ In case of parallel financing or co-financing.

⁵ In case of management of delegated funds (in particular by EU), provide the references of the Delegation Agreement signed between AFD and the delegator.

⁶ If there is one.

1.2 Audit Objectives

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

- **the financial statements⁷⁸** of the Project / Programme present fairly, in all material aspects, the expenditure actually incurred and revenue actually received for the Project / Programme for the period covered by the audit;
- **the funds allocated to the Project / Programme 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); The REP (or the agency) must systematically escalate to DCO auditor's findings falling into Section 9 "Irregularities" of Annex 4.2.**

Keep what is needed:

- **the internal control system** set up and operated by the Entity for the purpose of managing risks to the achievement of the objectives of the Project, was suitably designed and operated effectively in the period covered by the audit;
- **contracts** have been awarded in accordance with applicable rules and in accordance with the principles of economy, efficiency, transparency and fairness⁹, **and in compliance with AML/CFT [and SER] (optional) due diligence requirements**;
- contracts have been performed in accordance with **technical** requirements and specified standards.

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 / Programme management:

- < financing and/or delegation (of funds or of project management) agreement, on-lending agreements, addenda >;
- < between the Entity and its supervisory administrations¹⁰>;
- < guidelines for establishing budgets / activity programmes that required an AFD NON or an approval from the Project / Programme steering committee >;
- < regulations governing public contracts >;
- < procurement plan >;
- < procedures manuals approved by AFD >.

⁷ The generic term "financial statements" is used regardless of the format used by the Entity: balance sheet and operations / income statement, situation of budget execution, supply and use table, etc.

⁸ A financial statements audit is very strongly advised even if not explicitly mentioned in the contractual clause; it goes hand in hand with the control of the use of the funds.

⁹ For contracts subject to an AFD NON, the project team will have to decide whether they are part of the scope of the audit (specific audit procedures, see 2.3.4. f).

¹⁰ Applicable when the Entity is placed under the authority of one or more ministries. Such agreements contain provisions relating to the budget, financial and programmatic oversight carried out by the supervisory authority.

1.3.2 Period(s) Covered

Indicate the period(s) covered by the audit, including in the case of a verification of supporting documentation prior to advance renewal. In the case of a multiannual audit, specify the first year covered by the audit and the contract renewal arrangements.

1.3.3 Financial and Volume Data¹¹

Financial and volume data for the period covered by the financial component of the audit is provided below (detail as much as possible):

- < budget for the period >;
- < expenditure amount implemented over the period >;
- < number of bank accounts opened for the Project/Programme and entities authorised to operate them >;
- < number of expenses (if possible, breakdown of expenses between activities, investments and operational costs, and breakdown by project banking accounts) >;
- < indicative number of supporting documents corresponding to these expenses >;

Data for the audit of the internal control system include is provided below: (detail as much as possible):

- < staff allocated to the Project/Programme >;
- < number of administrative sites involved in the Project/Programme >.

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

- < for a procurement audit: provide a list of the contracts signed during the reference period (procurement procedure carried out prior to the reference period or in N and signature in N)¹² specifying the amount and location by contract nature (works, services) and by type of tender procedure (e.g. by negotiated procedure, national or international call for tender, etc.) >;
- < budgeted amount for contracts >;
- < for a technical audit: provide a list of the contracts performed and paid in full or partially at the date of the audit >.

A detailed list of contracts [is attached to these TOR (as Annex 4.6)] [will be sent to auditors as soon as the procurement plan is available]¹³.

¹¹ Remove the items corresponding to the non-selected modules.

¹² If deemed necessary by the REP, there is a possibility to include contracts signed post-reference period but for which the procurement procedure took place during the reference period.

¹³ List to be inserted in the Annex. To be adapted if the audit contract starts at the beginning of the project and the list of contracts is not yet known.

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

a) Engagement preparation

The auditor should contact the Entity as soon as possible (and no later than <XX> 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 technical aspects) and their location. Based on the list of contracts annexed to the TOR, he / she will address the Entity a first request for documents¹⁴.

b) 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).

c) Opening meeting with the Project / Programme

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.

¹⁴ Remove, if there is no procurement audit.

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

d) 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.

e) 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.

f) Draft Report to be sent to the Contracting Authority

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

Two options are possible (remove the column with the non-applicable option, and "option x" in the column heading)

Option 1: DR sent to AFD and then to the Entity ¹⁵	Option 2: DR sent simultaneously to the CA, AFD and Entity ¹⁶
The Draft Report (DR) is sent to AFD for comments	
The auditor incorporates AFD comments and then revises his/her recommendations/findings, where appropriate	
The DR is sent to the Entity for comments	The DR is sent at the same time to the CA, AFD and Entity for their comments
The auditor integrates the Entity's comments and prepares the final report	The auditor integrates the comments from the CA, AFD and Entity and prepares the final report

g) Comments on the draft report by the Contracting Authority/AFD and/or Entity

In case of option 1:

AFD has <XX> working days to communicate its comments to the auditor, who integrates them into the draft report and communicates the new version to the Entity.

¹⁵ Select option when AFD acts directly as contracting authority, managing the audit.

¹⁶ Select option when a national contracting authority is managing the audit.

The Entity has <XX> working days to communicate additional supporting documentation (scanned) to the auditor. If, at the end of that period, the comments and supporting documentation have not been sent, the auditor then informs AFD, which contacts the Entity to agree on a solution. Any additional period granted by AFD is confirmed in writing to the auditor and the Entity.

In case of option 2:

The Contracting Authority, AFD and Entity have <XX> 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.

h) Final report

The final report must be submitted by the auditor within <XX> 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 is <XX>. Start-up must occur within <XX> working days after official notification.

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

The maximum duration of the mission is set at <XX> working days.

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

	M1				M2				M3			
	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4
Engagement preparation												
Preparatory meeting with the Contracting Authority												
Opening meeting with the Entity												
Fieldwork												
Aide-mémoire and restitution meeting												
Draft report submission (<XX> days after mission)												
[AFD] Contracting Authority and Entity observations on Draft Report (<XX> days after report is received)												
Submission of final report to Contracting Authority [AFD] and the Entity (<XX> days after receiving comments and possible additional supporting documentation)												

b) Verification of the Use of Funds for Renewal of Advances¹⁷

Upon receipt of the disbursement request by the Project / Programme, AFD requests the auditor for a verification mission. In order to enable the financial replenishment of the Project / Programme, the mission must start within a period of <XX> calendar days after formal notification and provide the report within a period of <XX> calendar days after the start of the mission.

2.1.3 Engagement Logistics

Describe the logistical resources made available to the auditor:

- < information location and physical verification/control requests for physical and financial audits. If travels are expected, the locations must be clearly indicated >;
- < secure and air-conditioned offices, Internet connection, badges and office equipment >;
- < vehicles in case of travels; for vehicles (or any other means of travel), it must be clarified whether the costs are borne by the Entity or by the auditor >.

2.1.4 Volume of Services

The estimated overall volume of services in man-days for the entire audit team is <XX> days. The table below details the volumes of services by expert¹⁸:

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

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 French/English/Spanish. 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, (select) to AFD then to the Entity¹⁹/simultaneously to the Contracting Authority, AFD and the Entity²⁰.

¹⁷ Remove if not planned by the project team.

¹⁸ If possible, it is recommended to provide the detail of the overall volume of services by level of expertise, in particular to obtain from the auditor a commitment regarding the minimum volume of services to be performed by key experts.

¹⁹ Select option when AFD acts directly as contracting authority, managing the audit.

²⁰ Select option when a national contracting authority is managing the audit.

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.²¹.

Specific case of a verification of supporting documentation for renewal of advances²²:

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.

If necessary, the Contracting Authority may modify these minimum requirements, particularly if this financial verification is completed by other audit procedures (examples: review of the procurement procedure for some contracts, limited review of the internal control system).

2.2 Audit Methodology

2.2.1 Sample Determination²³

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

Sample determination may be reviewed for each financial year audited.²⁴

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.

(Optional): regarding the audit of the use of funds and based on potential fiduciary risks (e.g. internal control environment considered weak), the project team may request an audit of all expenditure or of one or more of the expenditure categories (or budget lines).

b) Audit of the internal control system

²¹ Optional, if a focal point has been designated.

²² Remove if such verification is not requested from the auditor.

²³ Remove the paragraphs relating to non-selected modules in §1.2.

²⁴ Remove if the audit contract is not multiannual.

The various financial and administrative management processes of the Project / Programme assessed as part of the internal control system audit should be subject to compliance testing.

The auditor defines the extent of compliance testing based on the risks identified during the mission preparation and then, while evaluating the internal control system (see section 2.3.1).

c) Procurement Audit ^{25 26}

Choose one of the following options:

- < Option No. 1: 100% of contracts are audited >;
- < Option No. 2: all contracts greater than or equal to a certain threshold >;
- < Option No. 3: XX% of contracts in number and XX% of contracts in amount will be audited >.

d) Technical Audit

Sample determination should take into account the following factors: complexity of the works, geographic dispersion, technical incidents occurring during execution, absence of private project management, delays, suspension orders, addenda (legitimacy), poor detailed engineering design, deficient technical requirements and working plan.

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) agreement²⁷, and with the procedures manual²⁸ and contracts,
 - with the annual activity program for which AFD gave a NON²⁹,
 - with procurement legislation, [and AFD procurement guidelines³⁰] 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 procedures manual / in compliance with sound management practices in the absence of requirements in the procedures manual / in compliance with sound management practices in the absence of a procedures manual],
 - of the required documentation for procurement procedures and contracts' technical execution;

²⁵ Pre-determine the scope of the audit: should contracts for which an AFD NON was granted be included (all or part of them) within the scope of the audit?

²⁶ Factors to be taken into account for the sample: geographic representation, nature of services (works, supplies, services), particular difficulties during the procurement procedure or execution of contracts.

²⁷ Remove if not relevant.

²⁸ Remove if there is no procedures manual.

²⁹ Remove if there is no annual budget programming.

³⁰ Remove if not applicable in case of financing outside the project funds, etc.

- 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);
- the effectiveness and quality of execution in the field³¹;
- that the Project / Programme has ensured to obtain the most satisfactory quality/price ratio;
- that the expenditure/contracts have been incurred/executed by the Entity during the Project / Programme implementation period defined in the financing and/or delegation agreement³²;
- that expenditure is adequately recorded in the Entity's accounts;
- 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 and internal control system audits³³ 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] [are available on the AFD website]³⁴ 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 Audit of the Internal Control System³⁵

The auditor adapts the scope of his review of the design and operation of the internal control system based upon his prior knowledge of the Entity (for multiannual audits).

³¹ Applicable for technical audit only.

³² Remove if not relevant.

³³ Remove if there is no internal control system audit.

³⁴ Adapt as documents are not yet available online.

³⁵ See methodology guide regarding the programming or absence of procedures for an internal control system audit.

a) Documents analysis

The auditor should particularly examine:

- the financing agreements(s), agreements and protocols with partners, contracts, technical and financial implementation reports, activity programs and budget procedures manual ³⁶and any other existing document;
- the organisational set up for administrative, technical and financial management, and its reliability and adequacy in terms of procedures and available human and material resources.

b) Review of the internal control system

The auditor should verify the reliability and adequacy of the internal control system's organisation, its actual design and operating effectiveness, in particular with regard to:

The organisation:

- definition of tasks and distribution of responsibilities, in particular for commitment and authorisation of expenditure, certification of services rendered and payment;
- separation of incompatible or conflicting tasks;

The procedures in place:

- existence of accurate and documented procedures for expenditure justification;
- opening of separate cash accounts based on the origin of funds, as well as implementation of cash control procedures;
- compliance with applicable procedures for supplier selection, and consultant and service provider recruitment (tender documents, tender or candidate evaluation records and selection minutes);

Archiving, accountability and, as such:

- organisation, filing and securing of financial papers and documents;
- regular and timely production of financial statements and financial and technical implementation reports, etc.

Specific controls, including:

- setup and effective operation of control methods to comply with agreements on anti-money laundering and combatting the financing of terrorism, including completion of due diligence to ensure compliance with economic and financial sanctions regulations;
- detection of double financing of expenditure by multiple donors;
- existence of operational monitoring and control structures.

The auditor may use the *ICS Review Module* file, available on the AFD website, as a framework to perform such work.

c) Risk assessment

³⁶ Remove if there is no procedures manual

The previous stage allows the auditor to assess the risks distinctly for each source of information and based on **7 criteria: completeness, effectiveness, evaluation, allocation, rights, obligations and information.**

The auditor should assess the main risks to the achievement of the objectives of the Project/Programme, including risks financing provided to the Project not being used in conformity with the applicable Contractual Conditions and the risk of error, irregularities and fraud with regard to Project / Programme financing.

The auditor should also assess whether the design of the internal control system sufficiently mitigates those risks and whether it operates effectively.

d) Obtaining evidence and control testing

The auditor uses his understanding of the internal control system and risks to assess the robustness of controls and test their operational effectiveness, depending on the objective of the audit.

Tests of controls should concentrate on internal control areas and key controls that:

- are appropriate within the context of the Project / Programme, and
- prevent and/or allow to detect and correct individual errors or undesired events, such as:
 - the total or partial non-achievement of the Project / Programme objectives,
 - the non-reliability of the Project/Programme financial and technical implementation reports and/or financial statements,
 - the fact that funds allocated to the Project/Programme have not been used in accordance with the financing agreement conditions,
 - the occurrence of fraud and/or irregularities.

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

2.3.2 Financial Statements Review and Verification of the Use of Allocated Funds

a) Verification of financial statements

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

- ensures that the Project/Programme financial statements have been prepared in accordance with the requirements set out in the financing and/or delegation agreement³⁷ as well as in the Project/Programme procedures manual ³⁸ (e.g. accrual or cash-based accounting);
- ensures that the financial statements presents fairly, in all material aspects, the actual expenditure incurred and revenue received for the Project/Programme 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 / Programme;
- 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;

³⁷ Remove if not relevant.

³⁸ Remove if there is no procedures manual.

- 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.

b) Verification of the use of funds

The objective of these procedures is to ensure that:

- the funds allocated to the Project / Programme 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 / Programme 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 agreement³⁹, activity programme and procedures manual⁴⁰, 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 / Programme 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.

c) Verification of the use of funds prior to renewal of advances⁴¹

In the case of renewal of advances, the auditor performs the procedures required for an annual audit (see previous paragraph) with regard to: expenditure compliance with agreed upon activities, expenditure implementation during the Project / Programme implementation period and its regular and sincere justification, as well as compliance of the period's statements of expenditure.

The auditor should in addition examine the following key points:

- attainment of the advance absorption rate defined in the financing agreement to enable full or partial renewal;

³⁹ Remove if not relevant.

⁴⁰ Remove if there is no procedures manual.

⁴¹ Remove if an auditor is not required for the verification of supporting documentation when renewing advances.

- correction by the Project / Programme, over the audited period, of expenditure previously invalidated for a prior period.

d) 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 agreement⁴² and/or approved by the steering committee⁴³ 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 committee⁴⁴ and/or have received a non-objection notification from AFD and/or have been formalised in an addendum to the financing agreement;
- the Project / Programme absorption rate is consistent with the activities implementation schedule. The auditor examines discrepancies and obtains explanations about over- or under-execution in the budget.

2.3.3 Audit of Direct Payments Made by AFD⁴⁵

In addition to the above procedures described in 2.3.2.b, the auditor shall ensure for direct payments:

- the actual completion of works and services, as well as of their compliance with the conditions of the contract;
- with regard to fixed-price technical assistance contracts, the consistency between the costs actually incurred by the service provider and those budgeted and integrated into the contract.

2.3.4 Procurement Audit⁴⁶

The auditor examines and assesses the following aspects:

- a) Review of the procurement system (actors, regulation and procedures)
- the functioning of procurement bodies and actors;
 - the mechanisms for preventing and detecting irregularities and fraud (collusion, cover bidding and agreements between undertakings);
 - deadlines compliance with applicable rules and the Project's / Programme's specific provisions;
 - the compliance and reliability of the documentation filing and archiving system.

⁴² Remove if not relevant.

⁴³ To be adapted, depending on the project governance arrangements.

⁴⁴ To be adapted, depending on the project governance arrangements.

⁴⁵ Remove in the case where the AFD project team considers such procedures unnecessary.

⁴⁶ Remove if there is no procurement audit.

b) Requirement definition

- contracts compliance with the procurement plan and budgets (implementation calendar and budget envelopes);
- for mutual agreement contracts or direct agreement contracts, that the grounds invoked are in compliance with the regulations and that there is no abuse of law in such circumstances.

c) Competitive tender process (tender dossier phase, call for tenders)

- the advertising methods, deadlines for presentation of bids and organisation for bids submission;
- the choice of type of consultation/selection procedure;

d) Evaluation and award

- the evaluation methods used, their consistency and compliance with the criteria defined in the tender dossier, as well as their relevance: this assessment will be made on administrative, technical and financial aspects;
- the consistency between tender analysis reports, tender award minutes, award notifications and awarded contracts;
- the cases of leniency towards companies during bid evaluations and respect of the principle of fairness;
- the award of the contract according to the best or lowest bidder rule;
- the obtaining of reasonable economic conditions, by comparing unit prices with those of similar contracts;
- cases of breach of the tender process, characterised by agreements between undertakings;
- cases of contract splitting.

e) Contract management

- the compliance of clauses in the initial contract;
- the existence of guarantees and their probative value;
- the consistency between technical requirements in the tender dossiers and those attached to the signed contracts;
- changes over the course of contracts, ensuring that they are supported by service orders issued by authorised persons (project management, supervision missions, etc.);
- the legality of addenda to initial contracts in terms of value, technical appropriateness and compliance with ceilings provided for in the regulations.
- The presence of the signed integrity statement.

f) Contracts subject to an AFD NON⁴⁷

For contracts subject to an AFD NON, the auditor is asked to verify that the necessary NON have been requested and delivered. If not, the same audit procedures should be performed as for contracts not subject to an AFD NON.

g) 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

⁴⁷ Remove paragraph when such contracts are excluded from the audit scope.

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 consideration⁴⁸.

h) SER due diligence⁴⁹

- The actual implementation of the Social and Environmental Responsibility due diligence requirements and of the commitments made by the counterparty to AFD. In particular:
 - the correct allocation of ear-marked budgets for SER measures (including an audit of displaced populations resettlement when such resettlement took place);
 - inclusion in tender dossiers of the Environmental and Social Management Plan commitments.

i) Refinancing of expenditure⁵⁰

In the event of refinancing (contracts awarded or tender procedures initiated prior to the signing of the Financing Agreement), the auditor should verify the absence of any appeal, complaint(s) and/or claim(s) with regard to the procurement procedure, and in the event of any appeal, complaint (s) and/or claim(s), the auditor should verify that these have been satisfactorily addressed by the Entity. Documentation confirming performance of such procedures (existence and handling of complaints) will be collected and sent to the Contracting Authority and AFD.

2.3.5 Technical Audit⁵¹

The auditor examines the following aspects:

- the relevance of the technical specifications and requirements contained in the tender dossier, especially with regard to the nature of the services / works;
- the conformity of the technical requirements contained in the tender dossier, the technical bid, the contract (and its addenda) and the works execution schedule;
- the existence and quality of the operations technical monitoring documentation (e.g. logs/diaries, site visit reports, etc.);
- the actual completion of services / works (reality, quality and compliance with contractual conditions);
- the conformity of attachments, breakdowns / invoices and any technical documents (including logs/diaries) with the project's technical progress;
- the adequacy of the prices particularly in the event of changes in the nature of services / works (by service order and / or addendum);

⁴⁸ In the event where an auditor identifies a case of non-compliance with these obligations by the Entity, the REP (or agency) must declare an operational incident and immediately refer to DCO.

⁴⁹ Remove if SER due diligence is not included in the scope of the audit.

⁵⁰ Remove if expenditure refinancing is not included in scope of the audit.

⁵¹ The REP decides whether to maintain and/or adapt this section.

- compliance with the works execution schedule (deadlines, conformity of the performance with the contract, logical phasing of tasks, etc.);
- the technical justification for addenda and service orders;
- the identification of delays in contracts' execution and verification the application of incurred penalties;
- the observance of contractual obligations by each party to prevent the risks of litigation or dispute;
- the assessment regarding the quality of the general organisation of works /services and particularly with regard to the control and monitoring of their execution by the Project / Programme, the administration's technical services and / or control and monitoring offices.

2.3.6 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/Programme 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 / Programme 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 and programmes funded by national and/or international institutions and/or donors;
- experience with procurement audits and technical audits⁵²;

⁵² Keep only for a procurement and technical audit.

- 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;
- excellent knowledge of French (or other official language of the country);
- audit experience in the Project/Programme 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 / programmes 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 / programmes 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 / programmes 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 / programmes 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 / programmes 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						
Other personnel (technical or PM)						
TOTAL						

4 Appendices

4.1 Key Project/Programme Information

4.2 Nomenclature of Findings and Misstatements

4.3 List of Expenditures and Findings (Model)

4.4 Audit Report Template

4.5 Letter of Representation (Model)

4.6 List of Awarded Contracts ⁵³

4.7 AFD Contract Award Checklist

⁵³ In case of a procurement audit, the contracting authority provides the list of contracts to the auditor.

Annexure A : Compliance with the Code of Integrity and No Conflict of Interest

Any person participating in a procurement process shall -

- (a) not offer any bribe, reward or gift or any material benefit either directly or indirectly in exchange for an unfair advantage in procurement process or to otherwise influence the procurement process;
- (b) not misrepresent or omit that misleads or attempts to mislead so as to obtain a financial or other benefit or avoid an obligation;
- (c) not indulge in any collusion, Bid rigging or anti-competitive behavior to impair the transparency, fairness and progress of the procurement process;
- (d) not misuse any information shared between the procuring Entity and the Bidders with an intent to gain unfair advantage in the procurement process;
- (e) not indulge in any coercion including impairing or harming or threatening to do the same, directly or indirectly, to any party or to its property to influence the procurement process;
- (f) not obstruct any investigation or audit of a procurement process;
- (g) disclose conflict of interest, if any; and
- (h) disclose any previous transgressions with any Entity in India or any other country during the last three years or any debarment by any other procuring entity.

Conflict of Interest:-

The Bidder participating in a bidding process must not have a Conflict of Interest.

A Conflict of Interest is considered to be a situation in which a party has interests that could improperly influence that party's performance of official duties or responsibilities, contractual obligations, or compliance with applicable laws and regulations.

i. A Bidder may be considered to be in Conflict of Interest with one or more parties in a bidding process if, including but not limited to:

- a. have controlling partners/ shareholders in common; or

b. receive or have received any direct or indirect subsidy from any of them;

or

c. have the same legal representative for purposes of the Bid; or

d. have a relationship with each other, directly or through common third parties, that puts them in a position to have access to information about or influence on the Bid of another Bidder, or influence the decisions of the Procuring Entity regarding the bidding process; or

e. the Bidder participates in more than one Bid in a bidding process.

Participation by a Bidder in more than one Bid will result in the disqualification of all Bids in which the Bidder is involved. However, this does not limit the inclusion of the same subcontractor, not otherwise participating as a Bidder, in more than one Bid; or

f. the Bidder or any of its affiliates participated as a consultant in the preparation of the design or technical specifications of the Goods, Works or Services that are the subject of the Bid; or

g. Bidder or any of its affiliates has been hired (or is proposed to be hired) by the Procuring Entity as engineer-in-charge/ consultant for the contract.

Annexure B : Declaration by the Bidder regarding Qualifications

Declaration by the Bidder

In relation to my/our Bid submitted to for procurement

of in response to their Notice Inviting Bids

No..... Dated..... I/we hereby declare under Section 7 of

Rajasthan Transparency in Public Procurement Act, 2012, that:

1. I/we possess the necessary professional, technical, financial and managerial resources and competence required by the Bidding Document issued by the Procuring Entity;
2. I/we have fulfilled my/our obligation to pay such of the taxes payable to the Union and the State Government or any local authority as specified in the Bidding Document;
3. I/we are not insolvent, in receivership, bankrupt or being wound up, not have my/our affairs administered by a court or a judicial officer, not have my/our business activities suspended and not the subject of legal proceedings for any of the foregoing reasons;
4. I/we do not have, and our directors and officers not have, been convicted of any criminal offence related to my/our professional conduct or the making of false statements or misrepresentations as to my/our qualifications to enter into a procurement contract within a period of three years preceding the commencement of this procurement process, or not have been otherwise disqualified pursuant to debarment proceedings;
5. I/we do not have a conflict of interest as specified in the Act, Rules and the Bidding Document, which materially affects fair competition;

Date: Signature of bidder

Place: Name :

Designation:

Address:

Annexure C : Grievance Redressal during Procurement Process

The designation and address of the First Appellate Authority is

Project Director, RFB DP, Aravali Bhawan, Jhalana Institutional Area, Jaipur

The designation and address of the Second Appellate Authority is

PCCF(HOFF), Aranya Bhawan, Jaipur

(1) Filing an appeal

If any Bidder or prospective bidder is aggrieved that any decision, action or omission of the Procuring Entity is in contravention to the provisions of the Act or the Rules or the Guidelines issued thereunder, he may file an appeal to First Appellate Authority, as specified in the Bidding Document within a period of ten days from the date of such decision or action, omission, as the case may be, clearly giving the specific ground or grounds on which he feels aggrieved: Provided that after the declaration of a Bidder as successful the appeal may be filed only by a Bidder who has participated in procurement proceedings: Provided further that in case a Procuring Entity evaluates the Technical Bids before the opening of the Financial Bids, an appeal related to the matter of Financial Bids may be filed only by a Bidder whose Technical Bid is found to be acceptable.

(2) The officer to whom an appeal is filed under para (1) shall deal with the appeal as expeditiously as possible and shall endeavour to dispose it of within thirty days from the date of the appeal.

(3) If the officer designated under para (1) fails to dispose of the appeal filed within the period specified in para (2), or if the Bidder or prospective bidder or the Procuring Entity is aggrieved by the order passed by the First Appellate Authority, the Bidder or prospective bidder or the Procuring Entity, as the case may be, may file a second appeal to Second Appellate Authority specified in the Bidding Document in this behalf within fifteen days from the expiry of the period specified in para (2) or of the date of receipt of the order passed by the First Appellate Authority, as the case may be.

(4) Appeal not to lie in certain cases

No appeal shall lie against any decision of the Procuring Entity relating to the following matters, namely:-

- (a) determination of need of procurement;
- (b) provisions limiting participation of Bidders in the Bid process;
- (c) the decision of whether or not to enter into negotiations;
- (d) cancellation of a procurement process;
- (e) applicability of the provisions of confidentiality.

(5) Form of Appeal

- (a) An appeal under para (1) or (3) above shall be in the annexed Form along with as many copies as there are respondents in the appeal.
- (b) Every appeal shall be accompanied by an order appealed against, if any, affidavit verifying the facts stated in the appeal and proof of payment of fee.

(c) Every appeal may be presented to First Appellate Authority or Second Appellate Authority, as the case may be, in person or through registered post or authorised representative.

(6) Fee for filing appeal

- (a) Fee for first appeal shall be rupees two thousand five hundred and for second appeal shall be rupees ten thousand, which shall be non-refundable.
- (b) The fee shall be paid in the form of bank demand draft or banker's cheque of a Scheduled Bank in India payable in the name of Appellate Authority concerned.

(7) Procedure for disposal of appeal

- (a) The First Appellate Authority or Second Appellate Authority, as the case may be, upon filing of appeal, shall issue notice accompanied by copy of appeal, affidavit and documents, if any, to the respondents and fix date of hearing.
- (b) On the date fixed for hearing, the First Appellate Authority or Second Appellate Authority, as the case may be, shall,-
 - (i) hear all the parties to appeal present before him; and
 - (ii) peruse or inspect documents, relevant records or copies thereof

relating to the matter.

(c) After hearing the parties, perusal or inspection of documents and relevant records or copies thereof relating to the matter, the Appellate Authority concerned shall pass an order in writing and provide the copy of order to the parties to appeal free of cost.

(d) The order passed under sub-clause (c) above shall also be placed on the State Public Procurement Portal.

FORM No. 1

[See rule 83]

Memorandum of Appeal under the Rajasthan Transparency in Public Procurement Act, 2012

Appeal Noof

Before the (First / Second Appellate Authority)

1. Particulars of appellant:

(i) Name of the appellant:

(ii) Official address, if any:

(iii) Residential address:

2. Name and address of the respondent(s):

(i)

(ii)

(iii)

3. Number and date of the order appealed against
and name and designation of the officer / authority
who passed the order (enclose copy), or a
statement of a decision, action or omission of
the Procuring Entity in contravention to the provisions
of the Act by which the appellant is aggrieved:

4. If the Appellant proposes to be represented
by a representative, the name and postal address
of the representative:

5. Number of affidavits and documents enclosed with the appeal:

6. Grounds of appeal:

.....

.....

..... (Supported by an affidavit)

7. Prayer:

.....

.....

Place

Date

Appellant's Signature

Annexure D : Additional Conditions of Contract

1. Correction of arithmetical errors

Provided that a Financial Bid is substantially responsive, the Procuring Entity will correct arithmetical errors during evaluation of Financial Bids on the following basis:

- i. if there is a discrepancy between the unit price and the total price that is obtained by multiplying the unit price and quantity, the unit price shall prevail and the total price shall be corrected, unless in the opinion of the Procuring Entity there is an obvious misplacement of the decimal point in the unit price, in which case the total price as quoted shall govern and the unit price shall be corrected;
- ii. if there is an error in a total corresponding to the addition or subtraction of subtotals, the subtotals shall prevail and the total shall be corrected;
- and
- iii. if there is a discrepancy between words and figures, the amount in words shall prevail, unless the amount expressed in words is related to an arithmetic error, in which case the amount in figures shall prevail subject to (i) and (ii) above.

If the Bidder that submitted the lowest evaluated Bid does not accept the correction of errors, its Bid shall be disqualified and its Bid Security shall be forfeited or its Bid Securing Declaration shall be executed.

2. Procuring Entity's Right to Vary Quantities

(i) At the time of award of contract, the quantity of Goods, works or services originally specified in the Bidding Document may be increased or decreased by a specified percentage, but such increase or decrease shall not exceed twenty percent, of the quantity specified in the Bidding Document. It shall be without any change in the unit prices or other terms and conditions of the Bid and the conditions of contract.

(ii) If the Procuring Entity does not procure any subject matter of procurement or procures less than the quantity specified in the Bidding Document due to change in circumstances, the Bidder shall not be entitled for any claim or compensation except otherwise provided in the Conditions of Contract.

(iii) In case of procurement of Goods or services, additional quantity may be procured by placing a repeat order on the rates and conditions of the original order. However, the additional quantity shall not be more than 25% of the value of Goods of the original contract and shall be within one month from the date of expiry of last supply. If the Supplier fails to do so, the Procuring Entity shall be free to arrange for the balance supply by limited Bidding or otherwise and the extra cost incurred shall be recovered from the Supplier.

3. Dividing quantities among more than one Bidder at the time of award

(In case of procurement of Goods)

As a general rule all the quantities of the subject matter of procurement shall be procured from the Bidder, whose Bid is accepted. However, when it is considered that the quantity of the subject matter of procurement to be procured is very large and it may not be in the capacity of the Bidder, whose Bid is accepted, to deliver the entire quantity or when it is considered that the subject matter of procurement to be procured is of critical and vital nature, in such cases, the quantity may be divided between the Bidder, whose Bid is accepted and the second lowest Bidder or even more Bidders in that order, in a fair, transparent and equitable manner at the rates of the Bidder, whose Bid is accepted.