

REQUEST FOR TENDERS

RFT: 2025/030
File: AP_6/15
Date: 26 May, 2025
To: Interested consultants
From: Julie Pillet, Senior Project Officer, SWAP

Subject: Request for tenders (RFT): Appointment of Auditors for Agence Française De Développement (AFD) Sustainable Waste Actions in the Pacific (SWAP) Project, Phase 2 (2025-2028)

1. Background

- 1.1. The Secretariat of the Pacific Regional Environment Programme (SPREP) is an intergovernmental organisation charged with promoting cooperation among Pacific islands countries and territories to protect and improve their environment and ensure sustainable development.
- 1.2. SPREP approaches the environmental challenges faced by the Pacific guided by four simple Values. These values guide all aspects of our work:
 - We value the Environment
 - We value our People
 - We value high quality and targeted Service Delivery
 - We value Integrity
- 1.3. This tender is developed under the second phase of the *Committing to Sustainable Waste Actions in the Pacific* (SWAP2) Project funded by the Agence française de développement (AFD). The 4.3 million Euro SWAP2 Project aims to improve waste infrastructure, build capacity, and foster regional collaboration between Pacific Island Countries and French Territories.
- 1.4. For more information, see: www.sprep.org.

2. Specifications: statement of requirement

- 2.1. SPREP would like to call for tenders from qualified and experienced audit firms to carry out specific tasks as outlined in the Terms of Reference. The annual audits of AFD SWAP2's accounts for the financial years ending 31 December 2025, 31 December 2026, 31 December 2027 and 31 December 2028.
- 2.2. The Terms of Reference for the consultancy are set out in Annex A.
- 2.3. To avoid carbon footprints, it is expected the work be completed remotely. Virtual 'Teams' and /or Zoom meetings will need to be arranged by the auditor and soft copies of documents provided by the Secretariat shall be accepted by the contractor for review.
- 2.4. The successful consultant must supply the services to the extent applicable, in compliance with SPREP's Values and Code of Conduct: https://www.sprep.org/attachments/Publications/Corporate_Documents/spreporganisational-values-code-of-conduct.pdf. Including SPREP's policy on Child Protection, Environmental Social Safeguards, Fraud Prevention & Whistleblower Protection and Gender and Social Inclusion.
- 2.5. SPREP Standard Contract Terms and Conditions are non-negotiable.

3. Conditions: information for applicants

- 3.1. To be considered for this tender, interested consultants must meet the following conditions:
- i. Must meet the conditions as in Annex A - Terms of Reference Section 4.2 – Requirements for the Auditor.
 - ii. By agreeing to these ToR the auditor confirms that s/he meets at least on the following conditions: *Proposals failing to meet at least one of the following will be technically disqualified and no further evaluation will be conducted.*
 - 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.

Provide clear evidence of qualifications, experience and team composition as in Section 4.2 of Annex A - Terms of Reference.
 - iii. Any Accounting Firm based outside of Samoa wishing to conduct Auditing services in Samoa have to apply first to the Samoa Institute of Accountants (SIA) <https://sia.org.ws> for a 'Temporary Certificate of Public Practice' (TCPP) in relation to rendering audit services and thus signing an Audit Opinion for a client. Thus, if successful for the tender, **subject to a valid TCPP approved by SIA being submitted to SPREP, the contract stage can then be proceeded.**

For local Accounting Firms, it is a requirement at the outset to provide a copy of your Certificate of Public Practice which has to be current and valid.

For Accounting Firms based outside of Samoa wishing to conduct Auditing services in Samoa, **there needs to be proof of an application already submitted to the Samoa Institute of Accountants (SIA)** <https://sia.org.ws> for a 'Temporary Certificate of Public Practice' (TCPP) in relation to rendering audit services and thus signing an Audit Opinion for a client. All licensing/fees requirements to practice audits is the responsibility of the Audit Firm and not SPREP.
 - iv. Submit a detailed Curriculum vitae detailing qualification and previous relevant experience for each proposed personnel;
 - v. Provide three referees relevant to this tender submission, including the most recent work completed;
 - vi. Complete the **tender application form** provided (*Please note you are required to complete in full all areas requested in the Form, particularly the Statements to demonstrate you meet the selection criteria – DO NOT refer us to your CV. Failure to do this will mean your application will **not** be considered*).
 - vii. Provide a copy of valid business registration/license.
- 3.2 Tenderers must declare any areas that may constitute conflict of interest related to this tender and sign the **conflict of interest form** provided.
- 3.3 **Tenderer is deemed ineligible due to association with exclusion criteria, including** bankruptcy, insolvency or winding up procedures, breach of obligations relating to the payment of taxes or social security contributions, fraudulent or negligent practice, violation of intellectual property rights, under a judgment by the court, grave professional misconduct including misrepresentation, corruption, participation in a criminal organisation, money laundering or

terrorist financing, child labour and other trafficking in human beings, deficiency in capability in complying main obligations, creating a shell company, and being a shell company.

- 3.4 Tenderer must sign a declaration of **honour form** together with their application, certifying that they do not fall **into** any of the exclusion situations cited in 3.3 above and where applicable, that they have taken adequate measures to remedy the situation.

4. Submission guidelines

- 4.1. Tender documentation should demonstrate that the interested consultant satisfies the conditions stated above and in the Terms of Reference and is capable of meeting the specifications and timeframes. Documentation must also include supporting examples to address the evaluation criteria.
- 4.2. Tender documentation should outline the interested supplier's complete proposal:
- a) **SPREP Tender Application form and conflict of interest form.** *(Please note you are required to complete in full all areas requested in the Form, particularly the Statements to demonstrate you meet the selection criteria – DO NOT refer us to your CV. Failure to do this will mean your application will **not** be considered).*
 - b) **Honour form**
 - c) **Declaration of integrity**
 - d) **Curriculum Vitae** of the proposed personnel to demonstrate that they have the requisite skills and experience to carry out this contract successfully.
 - e) **Technical Proposal** which contains the details to achieve the tasks outlined in the Terms of Reference (methodology, personnel, timeframes, etc).
 - f) **Financial Proposal** – presented in USD.
 - g) Where relevant provide:
 - i. Business registration/license (For Entities/ Individual consultant's as per relevant national legislations)
 - ii. Tax Identification Number (TIN) Letter (If applicable for Individual consultant's as per relevant national legislations).
- 4.3. Provide three referees relevant to this tender submission, including the most recent work completed.
- 4.4. Tenderers/bidders shall bear all costs associated with preparing and submitting a proposal, including cost relating to contract award; SPREP will, in no case, be responsible or liable for those costs, regardless of the conduct or outcome of the bidding process.
- 4.5. The tenderer/bidder might be requested to provide additional information relating to their submitted proposal, if the Tender Evaluation Committee requests further information for the purposes of tender evaluation. SPREP may shortlist one or more Tenderers and seek further information from them.
- 4.6. The submitted tender proposal must be for the entirety of the Terms of Reference and not divided into portions which a potential tenderer/bidder can provide services for.
- 4.7. The Proposal must remain valid for 90 days from date of submission.
- 4.9. Tenderers/Bidders must insist on an acknowledgement of receipt of tenders/proposals/bids.

5. Tender Clarification

- 5.1. a. Any clarification questions from applicants must be submitted by email to procurement@sprep.org before 04 June 2025. A summary of all questions received complete with an associated response posted on the SPREP website www.sprep.org/tender by 06 June 2025.
- b. The only point of contact for all matters relating to the RFT and the RFT process is the SPREP Procurement Officer.
- c. SPREP will determine what, if any, response should be given to a Tenderer question. SPREP will circulate Tenderer questions and SPREP's response to those questions to all other Tenderers using the SPREP Tenders page (<https://www.sprep.org/tenders>) without disclosing the source of the questions or revealing any confidential information of a Tenderer.
- d. Tenderers should identify in their question what, if any, information in the question the Tenderer considers is confidential.
- e. If a Tenderer believes they have found a discrepancy, error, ambiguity, inconsistency or omission in this RFT or any other information given or made available by SPREP, the Tenderer should promptly notify the Procurement Officer setting out the error in sufficient detail so that SPREP may take the corrective action, if any, it considers appropriate.

6. Evaluation criteria

- 6.1. SPREP will select a preferred supplier on the basis of SPREP's evaluation of the extent to which the documentation demonstrates that the tenderer offers the best value for money, and that the tender satisfies the following criteria:
- 6.2. A proposal will be rejected if it fails to achieve 70% or more in the technical criteria and its accompanying financial proposal shall not be evaluated.

I. Technical Score – 80%

Criteria	Detail	Weighting
Registration	i. The supplier must be an independent external auditor who is a registered member of a national accounting or auditing body or institution which in turn is a member of the International Federation of Accountants (IFAC) and who is certified to perform audits.	20%
Personnel	ii. The auditor must employ sufficient staff with: <ul style="list-style-type: none"> (i) appropriate professional qualifications and suitable experience with IFAC standards. (ii) The team of auditors required for this shall be composed of a category 1 auditor who has the ultimate responsibility for the audit, and an engagement team composed of an appropriate mix of category 2-4 auditors. (iii) It is the responsibility of the auditor to propose and use an engagement team composed of an appropriate mix of auditors for this engagement. (Staff profiles and CVs must clearly outline staff qualifications and experience. – Refer Sections 5.2.2 – 5.2.4 of ToR on Qualifications, experience and team profiles). 	25%

Experience	<p>iii. Experience with audits of development aid projects and programme funded by national and/or international institutions and/or donors. Experience with procurement and technical audits. Sufficient knowledge of relevant laws, regulations and rules in the country would be an asset, this includes, but is not limited to taxation, social security and labour regulations, accounting and accounting information systems and procurement.</p>	35%
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II. Financial Score – 20%

The following formula shall be used to calculate the financial score for ONLY the proposals which score 70% or more in the technical criteria:

$$\text{Financial Score} = a \times \frac{b}{c}$$

Where:

a = maximum number of points allocated for the Financial Score

b = Lowest bid amount

c = Total bidding amount of the proposal

7. Variation or Termination of the Request for Tender

- 7.1 a. SPREP may amend, suspend or terminate the RFT process at any time.
- b. In the event that SPREP amends the RFT or the conditions of tender, it will inform potential Tenderers using the SPREP Tenders page (<https://www.sprep.org/tenders>).
- c. Tenderers are responsible to regularly check the SPREP website Tenders page for any updates and downloading the relevant RFT documentation and addendum for the RFT if it is interested in providing a Tender Response.
- d. If SPREP determines that none of the Tenders submitted represents value for money, that it is otherwise in the public interest or SPREP's interest to do so, SPREP may terminate this RFT process at any time. In such cases SPREP will cancel the tender, issue a cancellation notice and inform unsuccessful bidders accordingly.

8. Deadline

- 8.1. **The due date for submission of the tender is: 19 June 2025, midnight (Apia, Samoa local time).**
- 8.2. Late submissions will be returned unopened to the sender.
- 8.3. Please send all tenders clearly marked 'RFT 2025/030: **Appointment of Auditors for Agence Française De Développement (AFD) Sustainable Waste Actions in the Pacific (SWAP) Project, Phase 2 (2025-2028).**

Mail: SPREP
Attention: Procurement Officer
PO Box 240

Apia, SAMOA

Email: tenders@sprep.org (MOST PREFERRED OPTION)

Fax: 685 20231

Person: Submit by hand in the tenders' box at SPREP reception,
Vailima, Samoa.

SPREP reserves the right to reject any or all tenders and the lowest or any tender will not necessarily be accepted.

SPREP reserves the right to enter into negotiation with respect to one or more proposals prior to the award of a contract, split an award/awards and to consider localised award/awards between any proposers in any combination, as it may deem appropriate without prior written acceptance of the proposers.

A binding contract is in effect, once signed by both SPREP and the successful tenderer. Any contractual discussion/work carried out/goods supplied prior to a contract being signed does not constitute a binding contract.

For any complaints regarding the Secretariat's tenders please refer to the Complaints section on the SPREP website <http://www.sprep.org/accountability/complaints>.

Annex A: Terms of reference

Appointment of Auditors for Agence Française De Développement (AFD) Sustainable Waste Actions in the Pacific (SWAP) Project, Phase 2 (2025-2028)

1. BACKGROUND

1.1 Presentation of AFD

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.

1.2 Presentation of the SWAP 2 Project

The purpose of the second phase of the project "**The Sustainable Waste Actions in the Pacific (SWAP 2)**" is to contribute to achieving the strategic goals of the Pacific Regional Waste and Pollution Management Strategy (Cleaner Pacific 2025) by improving waste infrastructure, building capacity, and fostering regional collaboration of several Pacific Island Countries and French Territories.

The project is implemented by the Secretariat of the Pacific Regional Environmental Programme (SPREP), over four years (2025-2028), in charge of a maximum budget of € 4.300.00 millions. It benefits 7 Pacific island countries: Samoa, Solomon Islands, Vanuatu, Tonga, Fiji, Kiribati and Tuvalu, as well as 2 French overseas territories: Wallis and Futuna and French Polynesia.

The project aims to support sustainable waste management in the Pacific region, especially:

1. Support local populations and authorities in the development of national waste management policies and actions (collection, sorting, recovery, proper disposal);
2. Improve the delivery of waste services through development of waste management infrastructures and implementing pilot projects; and
3. Strengthen the technical, financial and governance capacities of authorities and practitioners.

The project also seeks to ensure greater complementarity and collaboration among the various regional waste programmes implemented by SPREP. The SWAP 2 Project intends to deliver joint activities and ensures coordination with the main waste programmes, especially: POLP (DFAT) and CleanSea (GIZ) on marine litter, J-PRISM3 (JICA) on solid waste management.

The project is organised around 4 main components:

- **Marine Litter:** The project aims to support a growing awareness in communities and inform public authorities on the amount of litter entering the ocean. Surveys on marine litter found on identified hotspots of the islands, will be delivered and analysed. The results will be disseminated through education campaigns within communities, schools, youth groups and will serve to inform appropriate waste management policies, especially on single use plastic bans.
- **Used Oils:** The project seeks to support beneficiaries' countries at every step of the management of such hazardous waste: from collection to storage and disposal. Several activities will be delivered: pilot projects on small scale infrastructures, trainings for all stakeholders involved in used oil, used oil waste management plans and sustainable financing mechanisms.
- **Solid Waste:** The project aims to improve the efficiency of solid waste management, by funding equipment for landfill maintenance, composting of green waste, pilot schemes for the appropriate treatment of plastics (separate collection, shredding of plastics or compacting with

a view to recycling, etc.) and workshops for recycling and metal recovery. In addition, funding may be made available to support local micro-initiatives on circular economy.

- **Regional Collaboration and Knowledge Sharing:** The project dedicates a significant part of activities to ensure coordination with other waste programmes in the Pacific, fostering synergies and joint activities. It will facilitate the sharing of knowledge, resources, and best practices among Pacific Island Countries and French Territories.

1.3 Context of the Audit

This audit is a requirement as per the Financing Agreement CZZ 2514 01Z dated December 3rd, 2024 between Agence Francaise De Developpement 'The Agency' and The Secretariat of the Pacific Regional Environment Programme (SPREP) 'The Beneficiary' related to the implementation of the second phase of the SWAP.

This TOR will form an integral part of the contract between SPREP and the auditor.

2. AUDIT OBJECTIVES

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

- **the financial statements of the SWAP Project** present fairly, in all material aspects, the expenditure actually incurred, and revenue actually received for the Project for the period covered by the audit;
- the **funds allocated to the Project** have, in all material aspects, been used in conformity with the applicable contractual conditions; the expenditure is compliant with the rules of sound financial management, assessed notably in the light of eligibility criteria (see Schedule 2 – Financing Plan / PART II – ELIGIBLE EXPENSES and PART III – NON-ELIGIBLE EXPENSES of the SWAP 2 Financing Agreement).

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

3. SCOPE OF THE AUDIT

3.1. Contractual Conditions

- Financing Agreement CZZ 3544 01D dated 27th February 2020 related to SWAP 1;
- Financing Agreement CZZ 2514 01Z dated 3rd December 2024 related to SWAP 2;
- Procurement Plan;
- Activity programmes that required an AFD NON.

3.2. Periods Covered

The SWAP 2 Project is a four-year project: 2025-2028. This contract is for the duration of the project but will be reviewed after every twelve months.

This contract covers the following periods:

- Year 1 – SWAP 2: 3 December 2024 to 31 December 2025;
- Year 2 – SWAP 2: 1 January 2026 to 31 December 2026;
- Year 3 – SWAP 2: 1 January 2027 to 31 December 2027; and
- Year 4 – SWAP 2: 1 January 2028 to 31 December 2028.

Please note that the periods covered under this service may be extended if an amendment is signed between SPREP and AFD to extend the project's end date. In this case, the bidder is requested to provide a price for any additional financial year audit. Should this occur, a contract amendment will be signed between SPREP and the contractor.

3.3. Financial and Volume Data

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

- SWAP 2 Budget: EUR M4.3;
- SWAP 2 Annual Forecast:



SPREP

Secretariat of the Pacific Regional
Environment Programme

SWAP 2 : FORECASTED OVERALL BUDGET (2025-2028)

		Budget project	Y1 (2025)	Y2 (2026)	Y3 (2027)	Y4 (2028)	
TOTAL PROJECT		€ 4,300,000	€ 572,655	€ 1,695,758	€ 1,342,108	€ 689,480	
		100%	13%	39%	31%	16%	
PROJECT ACTIVITIES		sub-total project Activities	€ 2,883,700	€ 292,500	€ 1,306,000	€ 957,000	€ 328,200
			100%	10%	45%	33%	11%
Component 1	Marine Litter Management	sub-total 1	€ 316,500	€ 22,500	€ 153,500	€ 81,500	€ 59,000
		Training on waste surveys	90000	22500	67500	0	0
		Clean-ups and data collection	162000	0	54000	54000	54000
		Community awareness and public policies impact	64500	0	32000	27500	5000
Component 2	Used Oil Management	Sub total 2	€ 1,084,000	€ 50,000	€ 460,000	€ 398,000	€ 176,000
		Pilot projects	840000	0	350000	350000	140000
		Training	84000	0	0	48000	36000
		Public policies support	160000	50000	110000	0	0
Component 3	Solid Waste Management	Sub total 3	€ 1,223,200	€ 165,000	€ 617,500	€ 417,500	€ 23,200
		Efficient landfills	700000	140000	380000	180000	0
		Circular economy	523200	25000	237500	237500	23200
Component 4	Regional Collaboration	Sub total 4	€ 260,000	€ 55,000	€ 75,000	€ 60,000	€ 70,000
		Sharing of best practices	230000	50000	65000	50000	65000
		Operational and strategic collaboration	30000	5000	10000	10000	5000
PROJECT MANAGEMENT		sub-total project Management	€ 943,300	€ 218,323	€ 225,825	€ 253,325	€ 245,827
		Project Management Unit	751300	187825	187825	187825	187825
		Office cost	20000	4998	5000	5000	5002
		Reporting and Monitoring	100000	5000	5000	45000	45000
		Visibility and communication	32000	10500	8000	5500	8000
		Travels	40000	10000	20000	10000	0
		Sub-total Project compoment	€ 3,827,000	€ 510,823	€ 1,531,825	€ 1,210,325	€ 574,027
Management Fees	Management Fees		430000	51082	153183	121033	104703
Contingencies	Contingencies		43000	10750	10750	10750	10750

4. AUDIT METHODOLOGY AND REFERENCE FRAMEWORK

4.1. *Conduct of the Audit*

4.1.1. Audit Stages

a) Engagement preparation

The auditor should contact SPREP as soon as possible (and no later than 3 days) after the audit contract agreement has been fully signed, to prepare the engagement and agree on its timetable.

He /she should ensure the availability:

- of the final financial statements and of the original supporting documents or photocopies of the originals certified by SPREP and shall address SPREP a first request for documents (elements relating to the financial audit);
- of the contracts documentation (both for procurement and technical aspects) and their location. Based on the list of contracts signed under the SWAP 2 during the period covered by the audit, he / she will address the Entity a first request for documents.

b) Opening meeting with the Project / Programme

An opening meeting with SPREP is organised to address the following topics: planning of the audit, logistics and security, documents availability, key staff availability and initial meetings set up and, if applicable, designation of a focal point at SPREP.

c) Execution of the audit engagement

The auditor performs the procedures detailed in section 4.3 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.

d) 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 SPREP. If necessary, the Entity is invited to provide additional documents and/or information to be taken into consideration in the draft report.

e) Draft Report to be sent to SPREP

The draft report must be submitted to SPREP no later than three weeks before the due date.

f) Comments on the draft report by the AFD and SPREP

SPREP has 10 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 SPREP to agree on a solution. Any additional period granted by SPREP is confirmed in writing to the auditor.

g) Final report

The final report must be submitted by the auditor within 5 working days following receipt of comments and observations, and of any additional supporting documentation.

h) Due dates

Audit	Period Covered	Draft Report	Due Date
Year 1 – SWAP 2	3 December 2024 to 31 December 2025	8 March 2026	31 March 2026
Year 2 – SWAP 2	1 January 2026 to 31 December 2026	8 March 2027	31 March 2027
Year 3 – SWAP 2	1 January 2027 to 31 December 2027	8 March 2028	31 March 2028
Year 4 – SWAP 2	1 January 2028 to 31 December 2028	8 October 2028	31 December 2028

4.1.2. Audit Timetable

For each audit to be conducted, the duration of the service cannot exceed 3 months based on the timetable detailed below:

	M1				M2				M3			
	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4
Engagement preparation												
Opening meeting with the Entity												
Review												
Draft report submission												
AFD and SPREP observations on Draft Report (10days after report is received)												
Submission of final report SPREP (5 days after receiving comments and possible additional supporting documentation)												

4.1.3. Engagement Logistics

- All information relating to the audit will be provided upon request by the auditors to the Finance and Administration Division of SPREP.

4.1.4. Volume of Services

The estimated overall volume of services in man-days for the entire audit team is 45 days. The table below details the indicative volumes of services by expert¹:

¹ 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.

	Key experts				Non-key experts		TOTAL
	Partner	Team Leader	Supervisor	Senior Auditor No. 1	Assistant Auditor No. 1	Assistant Auditor No. 2	
Min. No. days	2	5	8	10	10	10	45
Max. No. days	2	5	8	10	10	10	45

4.1.5. Report Structure and Content

The audit report should be presented in English. Findings and misstatements will be presented in the audit report 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, to SPREP.

He /she then sends to SPREP an electronic version of the final report along with a cover note.

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.

4.2. Audit Methodology

4.2.1. Sample Determination

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

Sample determination may be reviewed for each financial year audited.

a) Financial audit relating to the use of allocated funds

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

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) Procurement Audit

100% of contracts are audited.

c) 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.

4.2.2. Eligibility Conditions

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

- its compliance:
 - with the financing agreement, and contracts,
 - with the annual activity program for which AFD gave a Non-Objection Letter (NOL),

- with procurement legislation, and other local regulations (e.g. for per diem),
- with technical standards and standards of professional practice for the performance of contracts;
- the existence:
 - of supporting documents by type of expenditure in compliance with sound management practices in the absence of a procedures manual,
 - of the required documentation for procurement procedures and contracts' technical execution;
- the probative value of supporting documentation (original supporting documentation, compliance with the chronology of dates, compliance with mandatory information requirements, affixing of stamps and signatures);
- that the Project has ensured to obtain the most satisfactory quality/price ratio;
- that the expenditure/contracts have been incurred/executed by SPREP during the Project implementation period defined in the financing agreement;
- that expenditure is adequately recorded in the SPREP's accounts;
- that expenditure does not include any ineligible costs.

4.2.3. Determination of the Opinion

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

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

4.2.4. Documentation of Identified Misstatements and Weaknesses

The auditor should document procedures performed on audited expenditure and contracts and summarise identified misstatements.

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.

4.3. Audit Procedures

4.3.1. 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 are effectively reflected in complete, sincere and correctly drawn up financial statements. As such, he/she:

- ensures that the Project/ financial statements have been prepared in accordance with the requirements set out in the financing agreement (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;
- reviews adjusting entries made during the financial statements closing process;
- reconciles the financial statements with the cash situation and/or bank accounts, including by obtaining direct confirmation from the banks managing the accounts;
- verifies, if applicable, the accuracy of exchange rates used for monetary conversions, as well as their compliance with the financing agreement conditions;
- verifies, if applicable, the procedures used to control funds sent to other entities involved in activities implementation.

The auditor may elect to request written statements in a letter of representation (Using the template from ISA 580) 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 by AFD for the period subject to the audit have, in all material aspects, been used in conformity with the applicable contractual conditions;
- the statement of assets presents adequately (number, description and value of assets) and exhaustively the assets acquired for the Project for the period subject to the audit, in conformity with the contractual conditions and information contained in the financial report.

The auditor's work covers in particular:

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

c) 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 agreement and/or approved by the steering committee and/or having received a non-objection letter from AFD (authenticity and approval of the initial budget by lines and sub-lines);
- the expenditure reported in the technical and financial performance reports were foreseen in the budget lines and sub-lines;
- budgetary amendments have been validated by the steering committee and/or have received a non-objection letter from AFD and/or have been formalised in an addendum to the financing agreement;

- the Project absorption rate is consistent with the activities implementation schedule. The auditor examines discrepancies and obtains explanations about over- or under-execution in the budget.

4.3.2. Procurement Audit

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 specific provisions;
- the compliance and reliability of the documentation filing and archiving system.

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 Non-Objection Letter (NOL)

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

4.3.3. Follow-up of the Recommendations of Previous Audits

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

5. PROFESSIONAL OBLIGATIONS

5.1 *Standards and ethics*

5.1.1 Professional Standards to be Used

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

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

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

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

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

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

5.1.2 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.

5.2 *Requirements for the Auditor*

5.2.1 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.

5.2.2 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 audits;
- sufficient knowledge of relevant laws, regulations and rules in the country would be an asset; this includes, but is not limited to taxation, social security and labour regulations, accounting and accounting information systems, procurement;
- excellent knowledge of French/English (or other official language of the country);
- audit experience in the Project/Programme sector.

5.2.3 Team Profiles

a) 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. 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 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 and have at least 3 years of experience as a professional auditor in the field of donor-funded projects / programmes audit.

b) Non-Key Experts

Category 5 – (e.g. assistant auditor)

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

c) 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.

5.2.4 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.