



January 2026

Terms of reference for the Financial Audits of the project:

« *Appui à la Gestion Intégrée des Ressources en Eau dans le bassin de la Namsa (AGIRE Namsa)* »

General:

Entity: Comité de Coopération avec le Laos (CCL)

Subject: Audit of the project « Appui à la Gestion Intégrée des Ressources en Eau dans le bassin de la Namsa (AGIRE Namsa) »

Audited periods: interim audit (February 2025 – July 2026) and final audit (August 2026 – Janvier 2028).

Deadline for tenders: February 28th, 2026.

Estimated start date: Contracted auditor will be invited to a preparatory meeting at CCL's office in Vientiane, in late March 2026.

Audit location: ASEAN Road, House n° 123, Unit 7, Sidamdouane Village, Chanthabouly District, BP 4791, Vientiane, Lao PDR

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**CCL****COMITÉ DE COOPÉRATION AVEC LE LAOS**

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I. Introduction

For 40 years, the CCL has been working in Laos with rural ethnic minority communities and has developed a detailed understanding of the socio-economic, cultural and ethnolinguistic issues and situations.

The CCL's interventions are mainly focused on agricultural and rural development, particularly access to water and community health.

The CCL has been implementing activities to improve access to water and sanitation since 1996. Since 2013, the CCL has improved access to water in 71 villages (benefiting more than 20,000 people) and sanitation for 3,560 families in 10 districts in the provinces of Bolikhamxay, Phongsaly, Luang Namtha and Oudomxay, thereby developing expertise in these areas.

CCL launched the AGIRE project in February 2025 for a period of thirty-six months (February 2025 to January 2028), with financial support from Agence Francaise de Developpement (AFD), Agence de l'Eau Rhin-Meuse (AERM), the EDF Group Foundation and the City of Paris.

The aim is to Contribute to the implementation of integrated and inclusive water resource management in the Nam Sa basin by local stakeholders.

II. Project description

The Nam Sa basin, a tributary of the Mekong River located east of Vientiane, covers an area of 247 km² in Bolikhamxay Province, spanning the districts of Paksan and Pakkadin, and to a lesser extent Borikhan.

Based on an approach that prioritizes inter-community dialogue and bottom-up, inclusive practices, the AGIRE project is designed to provide operational support to facilitate the implementation of IWRM (Integrated Water Resources Management) measures by local authorities in the Namsa basin. It is structured around three interconnected objectives 1) supporting local communities in the construction of water supply infrastructure, 2) strengthening the skills of local partners on water resource conservation issues, and 3) facilitating the implementation of innovative water management approaches. The AGIRE project aims to provide long-term support to the inhabitants of the basin to ensure that environmental issues and the challenges posed by climate change are better considered.

The table describes the project financed by AFD:

Project agreement N°	CLA1154 01 F
Project start and end dates	February 2025 to January 2028
Total contractual budget	229 500 € from AFD, for a total project budget of 535 000 € Detailed project budget is presented in Appendices XI.1a and XI.1b.
Locations	Districts of Pakkading and Paksan, Bolikhamxay province.

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Objectives of the action	<p>Overall Objective : Contribute to the implementation of integrated and inclusive water resource management in the Nam Sa basin by local stakeholders.</p> <p>Specific Objectives : 1. Improvement of the qualitative and quantitative access to drinking water and sanitation 2. Strengthen local and inclusive governance on water resource management and conservation issues 3. Support and promote sustainable water resource management and climate change adaptation practices.</p>
Main implementing partners	<ul style="list-style-type: none"> Local CSOs : Rura Development Agency (RDA) Local authorities : Province Departments & Districts offices for Health (PHO, DHO), Agriculture & Forestry (DAFO), Education & Sports (DoES), Lao Women Union (LWU).
Project team	<p>1 Project coordinator, 1 technical advisors in water resources, 1 technical advisor in Sanitation approaches, 1 administrative and finance accountant, 1 expatriate project advisor and 14 government staff from implementing partners (PHO, DHO, DAFO, DONRE, DoES, Lao Women Union).</p>
Direct beneficiaries	<ul style="list-style-type: none"> 7,811 inhabitants, 1,698 households, including 3,936 women, from the Lao Loum ethnic group and ethnic minorities (mainly Khmu and Hmong) from the Nam Sa basin. 14 local government officials (district and provincial). 5 members of civil society organisations will benefit directly from the project.
Indirect beneficiaries	<ul style="list-style-type: none"> 13,969 inhabitants across the watershed area. The entire population of the districts of Paksan and Pakkading (109,000 people).
Expected outcomes and activities	<p>SPECIFIC OBJECTIVE 1: Improvement of the qualitative and quantitative access to drinking water and sanitation.</p> <p>Expected Results: 1.1: Access to water is improved and sustained at the village and household level. 1.2: Domestic water quality is significantly improved. 1.3: Community hygiene and practices are strengthened.</p> <p>Main Activities: 1.1.1 Diagnosis of access to water in villages (current situation, uses, and needs) 1.1.2 Rehabilitation and construction of water supply infrastructure 1.2.1 Physicochemical water analysis campaigns 1.2.2 Information workshops on water quality issues 1.2.3 Supports for the acquisition of water filtration systems 1.3.1 Information sessions on sanitation issues at the village level and in schools 1.3.2 Support for waste management and sanitation improvement.</p>

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SPECIFIC OBJECTIVE 2:

Strengthen local and inclusive governance on water resource management and conservation issues.

Expected results: **2.1** Village water management committees are strengthened and functional **2.2** The technical knowledge and skills of local authorities are strengthened.

Main activities: **2.1.1.** Raising awareness among communities about gender issues and women's empowerment **2.1.2** Technical training for local authorities and village committee members on the maintenance and upkeep of water access infrastructure **2.1.3** Facilitating the revision of water infrastructure management rules by communities **2.1.4** Participatory formalization of village action plans aimed at improving and sustaining access to water **2.2.1** Participatory mapping for water resource management **2.2.2** Description of water uses at basin's level.

SPECIFIC OBJECTIVE 3:

Support and promote sustainable water resource management and climate change adaptation practices.

Expected results: **3.1** Environmental issues and climate change adaptation are shared and discussed by stakeholders in the Nam Sa basin **3.2** Pilot actions promoting sustainable development of the basin are implemented

Main activities: **3.1.1** Participatory diagnosis of climate risks and vulnerability by communities in the basin **3.1.2** Organization of village days on the preservation of natural resources and ecosystem services **3.1.3** Formalization of an action plan for long-term water resource conservation by basin stakeholders **3.2.1** Creation of village rules for wetland conservation **3.2.2** Supporting volunteer irrigators in implementing more efficient and water-saving systems.

III. Audit objective

The project implemented by CCL, for which AFD is providing 42,9% of the financing, must undergo an external financial audit (interim and final) of the expenditure incurred under the project. The term “financial audit” used here refers specifically to an engagement to perform agreed-upon procedures regarding financial information in accordance with IFAC’s ISRS 4400 auditing standard; it is not intended to be a project financial audit (which would be performed under ISA auditing standards). The purpose of these terms of reference is to find an external auditor.

The selected auditor will be required to express a professional and independent opinion on the financial report drawn up by CCL for the expenditure incurred under the project. The auditor must:

- Follow and respect the lists of verifications based on the financial audit checklist from AFD (see Appendix XI.2: Tool worksheet: Financial Audit, and Appendix XI.3: Financial audit checklist)
- Ensure the compliance of CCL's project final finance report with AFD report template (the report will be furnished during the audit)
- Ensure that expenditure incurred during the project and reported in the financial report is eligible, according to AFD project budget (Appendices XI.1a and X1.1b)
- Give their opinion on compliance with the procedures listed in the Financing Agreement with AFD and in the Methodology Guide covering AFD's CSO support mechanism.
- Certify the financial report submitted to AFD.

IV. Audit organization

IV1. Audit methodology and approach

The consultant must prepare a methodological note explaining how the audit will be carried out. This must specify the sampling methodology designed to ensure that the expenditure to be audited is representative both overall and for each budget heading.

IV2. Audit location

As every supporting document is stored at CCL's office in Vientiane, the audit will take place in Vientiane, at CCL's office: ASEAN Road, House n° 123, Unit 7, Sidamdouane Village, Chanthabouly District, BP 4791, Vientiane, Lao PDR. The entire audit will be implemented in cooperation with CCL's team: Director, Administrative & Finance Director, Accountant, Project Advisor.

V. Audit process and scope

There are two stages to the audit.

V1. Scoping meeting with the auditor

This meeting must be held at the latest one month after signing the contract. The primary objective of this meeting is to ensure that the CCL fully understands the scope of the audit and what it will involve. It should enable the CCL to strengthen the internal procedures needed for ensuring contractual obligations are met. It should also make the job of the auditor easier, keeping any ineligible expenditure items observed upon completion of the project to a minimum. This meeting also provides the auditor with an opportunity to make recommendations to the CCL at the start of the project.

V2. Execution of the interim and final financial audits and reports

The audit's main tasks will be to:

- Ensure that all expenditure has been incurred in accordance with the provisions set out in the Financing Agreement and in the Methodology Guide covering AFD's CSO support mechanism, with particular attention to commitments relating to awarding contracts
- Check the eligibility criteria for expenditure reported in the financial report
- Check the resources allocated to the project and the correct allocation of expenditure.

The main eligibility criteria for expenditure are:

- Expenditure was actually incurred during the period covered by the Financing Agreement
- Expenditure incurred was planned in the budget and is assigned to the correct budget category
- Expenditure incurred was necessary for project implementation
- Expenditure incurred and reported in the financial report was recorded and allocated to the project in the accounting system of CCL in accordance with the accounting standards applicable in the country and with normal accounting practices.

The audit must also check compliance with the set of procedures as presented at the review of the set of procedures analyzed by the appointed firm and approved by AFD (CSO compliance questionnaire) and compliance with the set of procedures as described and approved in the project questionnaire.

The auditor must perform all the checks included in the checklist in Appendix XI.3. If certain points cannot be verified, this must be stated in the management letter, with reasons provided.

The provisional calendar is as follows:

- **September - October 2026:** audit of **project expenses** for the period **01/02/2025 to 31/07/2026**.
- **31st October 2026:** deadline for submission of the draft of audit for tranche 1.
- **April - May 2028:** audit of **project expenses** for the period **01/08/2026 to 31/01/2028**.
- **31st May 2028:** deadline for submission of the draft of audit for tranche 2.

VI. Reports to be provided

Following the scoping meeting described in section V1, the auditor must draft an independent scoping report outlining their main recommendations for the financial audit.

The financial audit described in section V2 must be carried out after the end of each project tranche (provisional end date for **Tranche 1: July 31st, 2026** / provisional end date for **Tranche 2: January 31st, 2028**).

The audit report for Tranche 1 must be submitted within three months of the end of the phase, and the report for Tranche 2 within six months of the end of the project. The audit report must provide reasons for the checks on expenditure and comments on each of the checks carried out. It must state the amount of expenditure found to be ineligible (with comments for each item of expenditure in question). Competitive tendering procedures, reallocations and valuations must also be assessed and commented on.

The auditor must attach to the audit report:

- The checklist (see Appendix XI.3)
- A management letter summarizing the main findings of the expenditure audit report and outlining the main recommendations.

VII. Reference documents

The following documents will be provided to the contracted auditor:

- Project financing agreement between CCL and AFD.
- The Methodology Guide covering AFD's CSO support mechanism, specific to the Call for Expressions of Project Intentions (AMI) of 2023.
- Agreements between CCL and each project partner.
- Any non-objection notification provided by AFD during the project implementation.
- Project narrative and financial reports as of **July 2026 and January 2028**.
- Detailed project budget
- Supporting documentation required for auditing purposes (made available at CCL's office in Vientiane)

VIII. Technical and financial proposal

Consultants invited to tender must provide the following to CCL:

A technical proposal, which must specify:

- The proposed methodology for carrying out the audit
- The consultant's references and experience (3 pages maximum)
- The resume(s) of the consultant(s) and a breakdown of responsibilities
- The provisional timetable for the audit and an estimate of the workload in man-days.

A financial proposal, which must specify:

- The total cost of the audit (inclusive of all taxes) and specify the amount in euro equivalent
- Payment terms (payment schedule).

The consultant's profile:

- The consultant partner signing the report must be a qualified chartered accountant and member of the professional associations of chartered accountants.

- All staff involved in the audit must have experience in project audits financed by French public donors.
- Recognized professional standards (IFAC, IDEAS, etc.) must be followed.

The authorized person must complete and sign the Statement of Integrity, Eligibility, and Environmental and Social Commitment (see Appendix XI.4).

IX. Application processing

IX.1 Application evaluation

The consultant will be selected based on quality and cost:

- Technical proposal: understanding of the ToR, methodology, experience of the consultant(s)
- Financial proposal: daily rates, estimated number of man-days, related costs, overall proposal in line with the available budget.

The technical evaluation will be conducted using the following evaluation grid:

Criteria	
TECHNICAL PROPOSAL	60%
Understanding the ToR/Presentation of the methodology used	10%
Consultant's references and experience	20%
<i>Experience auditing NGO structures</i>	10%
<i>Experience auditing AFD projects</i>	10%
Resume(s) of consultant(s)/breakdown of responsibilities	15%
Provisional audit timetable/estimated workload in man-days	15%
FINANCIAL PROPOSAL	40%
Audit cost, within the maximum budget	20%
Budget directly allocated to human resources	10%
Unit cost of human resources (cost/man-day)	10%
TOTAL	100%

Once the tenders have been received and analyzed, the CCL reserves the right to negotiate the proposals with the shortlisted candidates.

The CCL also reserves the right not to select any candidate if it deems no tender satisfactory.

All information relating to project AGIRE included in the tender documents or provided separately must be treated as strictly confidential by the service provider. The tender requester agrees not to disclose or publish any information relating to this tender.

Similarly, any documents supplied by the service provider will be treated as confidential.

IX.2 Budget

The maximum budget for the audit is 9,000€ including all taxes and all field missions.

X. Submission of tenders

Audit firms are requested to submit their proposals, with reference “Proposal_Audit_AGIRE_NAME_OF_FIRM” in the subject line, by **February 28th, 2025** to:

- Manivone VORACHAK, CCL Country Director: manirachak@gmail.com
- Inthoulath SAYYAPHOL, CCL Finance Director: inthoulath@ccl-laos.org
- Erwin POLIGNE, CCL Project Advisor: erwin.poligne@ccl-laos.org

The email must also include a request for acknowledgment of receipt of the tender.

The contracted auditor will be invited to a preparatory meeting at CCL’s office in Vientiane, in **late March, 2025**.

XI. Appendices

XI.1a Detailed budget of AFD project: planned expenditures

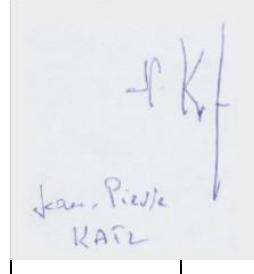
N° project : CLA1154 01 F Part 1 : 18 months Part 2 : 18 months Type of expenses (in €)	Total Provisional expenses (funding agreement) (€)	Provisional expenses (funding agreement) Part 1 (€)	Provisional expenses (funding agreement) Part 2 (€)	Proportion of planned expenditures / Total Provisional expenses (funding agreement) (%)
1- Real estate, technical equipments and furnitures				
<i>- Including real estate, premises, land, infrastructures.</i>				
1.1.1 Water supply material	77,000	33,800	43,200	14%
<i>- Including technical equipment and vehicles</i>				
1.2.1 Purchase of motorcycles (3)	4,200	4,200	0	1%



1.2.2 Laptops (4)	3,280	3,280	0	1%
1.2.3 Measuring instruments (manual topographic station)	3,549	3,280	0	1%
1.2.4 Technical software and computer spare parts	900	450	450	0%
1.2.5 Overhead projector (1) & Printer (1)	940	940	0	0%
1.2.6 Printer peripherals and consumables	1,440	990	450	0%
1.2.7 Off-road vehicle (1)	31,000	31,000	0	6%
1.3.1 Office furnitures (tables, chairs...)	1,330	1,330	0	0%
Subtotal 1 - Real estate, technical equipments and furnitures	123,639	79,539	44,100	23%
2- Service costs, purchase and rentals				
<i>- Including inputs, raw material, goods and other supplies</i>				
2.1.1 Support for the purchase of individual filters	1,440	350	1,050	0%
2.1.2 Material support for the construction of latrines	1,100	550	550	0%
2.1.3 Agricultural support materials (seeds, irrigation, tools)	3,780	0	3,780	1%
<i>- including supplies and consumables</i>				
2.2.1 Office supplies	6,840	4,680	2,160	1%
2.2.2 Electricity costs	2,160	1,080	1,080	0%
2.2.3 Fuel costs for project vehicles	11,520	5,490	6,030	2%
<i>- including rental that are not leasing (room, vehicles, office...)</i>				
2.3.1 Meeting rooms rental	1,000	450	550	0%
2.3.2 Rental car and additional minivan	3,200	700	2,500	1%
2.3.3 Rental CCL Pakson office (100%)	4,680	2,340	2,340	1%

2.3.4 Rental CCL office Vientiane (10%)	2,700	1,350	1,350	1%
2.3.5 Rental RDA office Vientiane (10%)	1,500	750	750	0%
<i>- including documentation, publication and diffusion</i>				
2.4.1 Purchase technical books and documents and GIS data	300	150	150	0%
<i>- Including other supplies and external services (phone, internet...)</i>				
2.5.1 Services (tel/fax, internet, bank fees, etc.)	2,160	1,080	1,080	0%
2.5.2 Car and motorcycle insurance project	720	360	360	0%
Subtotal 2 - Service costs, purchase and rentals	43,060	19,330	23,730	8%
3- Study costs, consultancy fees, outside services (including audit and evaluation)				
<i>- Including service fees specific to the project (guarding, housekeeping and maintenance...)</i>				
3.1.1 Cleaning services CCL office Paksan	1,080	540	540	0%
3.1.2 Security services	1,080	540	540	0%
3.1.3 General maintenance costs for project vehicles	1,080	540	540	0%
3.1.4. Visual material production (posters, booklets, videos, t-shirt)	2,530	510	2,020	0%
3.1.5 Web design fees	1,300	630	670	0%
3.1.6 Specific service expenses (coffee break, meals)	5,160	2,580	2,580	1%
<i>- including outside services specific to the project (expert fees, subcontracting, technical studies...)</i>				
3.2.1 Water quality analysis	1,800	720	1080	0%
3.2.2 Local consultants and translations	6,230	3,710	2,520	1%
3.2.3 International consultants	10,000	4,000	6,000	2%
3.2.4 Transport of equipment for water supply	4,600	2,030	2,570	1%

3.2.5 Masonry fees on site (construction of water supply)	4,000	3,000	1,000	1%
3.2.6 Village committee equipment	600	0	600	0%
3.2.7 Meeting materials	2,340	1,638	702	0%
- <i>Including external evaluation</i>				
3.3.1 Final evaluation	12,500	0	12,500	2%
- <i>Including external audit (mandatory for all projects)</i>				
3.3.2 Financial audit	9,000	4,500	4,500	2%
Subtotal 3 - Study costs, consultancy fees, outside services	63,300	24,938	38,362	12%
4- Travel, transport and mission costs linked to project				
4.1.1 Other transport costs (taxi, tuktuk, minivan, etc.)	4,230	2,200	2,030	1%
4.1.2 Village travel (steering committee, technical exchanges, workshops)	1,134	220	314	0%
4.2.1 Per diem government partners districts & province (training courses, seminars, meetings)	13,500	6,390	7,110	3%
4.2.2 Per diems for CCL & RDA project missions in intervention districts	3,600	1,510	2,090	1%
4.2.3 Per diems for CCL & RDA project missions outside intervention districts (coordination in Vientiane, monitoring and evaluation, participation in seminars and meetings)	1,500	860	640	0%
4.2.4 Per diems/villagers accommodation	3,500	690	2,810	1%
Subtotal 4 - Travel, transport and mission costs	27,464	11,870	15,594	5%
5- Unallocable activities (excluding HR costs or fees)				
		0	0	0%
Subtotal 5 – Unallocable activities	0	0	0	0%
6-Human resources				

Field stadd				
6.1.1 Expatriate staff	84,240	42,100	42,140	16%
6.1.2 Ad hoc support staff	0	0	0	0%
6.1.3 Technical field staff	84,090	38,600	45,490	16%
6.1.4 Support team	47,658	16,600	31,058	9%
Headquarters staff dedicated to the project				
Technical team	0	0	0	0%
Support team	0	0	0	0%
Valorised staff			0	0%
Subtotal 6 – Human resources	215,988	97,300	118,688	40%
7- Redistributive funds (not related to retrocessions)				
Subtotal 7 – Redistributive funds	0	0	0	0%
A-Subtotal direct costs (1+2+3+4+5+6)	473,451	232,977	240,474	88%
B - Miscellaneous (max 5% line A)			0	0%
C-Total direct costs (A+B)	473,451	232,977	240,474	88%
D-Indirect costs	61,549	30,287	31,262	12%
- 14 % maximum of line C (defined in related Call for Expressions of Project Intentions) : 13%	61,549	30,287	31,262	12%
GENERAL TOTAL (C+D)	535,000	263,264	271,736	100%
Le 29/09/2025, Jean-Pierre KATZ, President of CCL	 Jean-Pierre KATZ			

XI.1b Detailed budget of AFD project: Planned incomes

N° of project : CLA1153 01 E Part 1 : 18 months Part 2 : 18 months Source of funds (€)	Total Provisional resources (funding agreement) Part 1 + Part 2	Provisional resources (funding agreement) Part 1 (€)	Provisional resources (funding agreement) Part 2	Proportion of planned resource / total resources planned (funding agreement) (%)
1 - Contribution from AFD and French Ministries				
AFD funding (DPA- OSC)	229,500	114,750	114,750	42.9%
Subtotal 1 - Contribution from AFD and French Ministries	229,500	114,750	114,750	43%
2 – Other resources mobilized				
2.1 – Private funding				
Fondation Groupe EDF	95,000	20,000	75,000	18%
Subtotal 2.1 – Private resources	95,000	20,000	75,000	18%
2.2 - Public resources (from French or International origin)				
Ville de Paris	33,495	0	33,495	6%
Agence de l'eau (Appel a projets InterAgences 2024)	177,005	128,514	48,491	33%
Subtotal 2.2 - Public resources (from French or International origin)	210,500	128,514	81,986	39%
Subtotal 2 - Other resources mobilized	305,500	148,514	156,986	57%



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GRAND TOTAL RESOURCES	535,000	263,264	271,736	100%
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XI.2 Tool worksheet: Financial audit (AFD guidelines)

WORKSHEET 8

FINANCIAL AUDITS OF PROJECTS (INTERIM AND FINAL)

Financial audits of projects are about more than simply gathering accounting records. Their aim is to monitor the use of funds allocated to projects, in accordance with the terms of the agreement and their own purpose, while following this methodological guide.

The goal is to improve both the quality and the consistency of the information produced by the CSO, verified by the auditor and passed on to the Partnerships Department/Civil Society Organizations Division (DPA/OSC).

In order to achieve this, the issue of the financial audit must be addressed at the earliest possible opportunity during the project appraisal phase. This will involve establishing effective communication between the CSO, DPA/OSC and the auditor, in addition to specifying the terms for the financial audit.

The project audit will be carried out in two stages: an interim audit covering phase 1 and a final audit covering phase 2.

Which CSOs are subject to auditing?

All CSOs in receipt of co-financing for implementation of their project.

DPA/OSC may wish to conduct a random financial audit of CSOs for projects it has co-financed. These will be funded through program 209.

Budgets for financial audits

Because financial audits are co-financed by AFD, their cost must feature in the budget for the project included in the attachments to the CSO Initiative Note (NIONG).

During the project appraisal phase DPA/OSC will pay particular attention to the amount allocated for carrying out the financial audit. Care must be taken not to underestimate this amount in relation to the requirements and scope of the financial audit (a minimum of 1% of the overall budget for the project is recommended).

Selecting an auditor

The contract for the financial audit must be awarded within the first 12 months of project execution. DPA/OSC will issue a notice of no objection to the terms of reference for the financial audit and the selection criteria. The CSO shall be required to use the terms of reference template available on the AFD website.

- DPA/OSC reserves the right to issue a notice of no objection to the choice of auditor, should it feel this is warranted.

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The terms of reference template to be used for financial audits (which can be tailored to meet the requirements of CSOs) will soon be available to download from the AFD website.

The CSO must select an external, independent auditor or audit firm, a member of a national organization of chartered accounts or statutory auditors.

The auditor's role will be clearly outlined in the terms of reference for the financial audit.

As a service provided, financial audits are subject to the rules governing AFD tendering procedures as outlined in AFD's funding agreement.

Should a CSO decide to launch one single call for tenders for audits on multiple ongoing projects funded by DPA/OSC, they must send DPA/OSC:

- **A request for a notice of no objection to the terms of reference for the call for tenders**
- **Once an auditor has been selected, one request for a notice of no objection for each project, within the first 12 months of project execution, to the auditor's engagement letter, to which a checklist for audit items must be appended**

THE TWO FINANCIAL AUDIT PERIODS DURING THE PROJECT

Scoping meeting with the auditor

When and with whom?

This meeting should take place between the CSO and the auditor as soon as possible after the beginning of the project once the auditing contract has been awarded. The CSO must assemble the project managers and the chief financial/accounting/legal officers for the project. This is a one-off visit from the auditor to the CSO at the start of the project. The auditor will only return again at the end of the project for the financial audit.

What is its aim?

The primary objective of this meeting is to ensure that the CSO fully understands the scope of the audit and what it will involve. It should enable the CSO to strengthen the internal procedures needed for ensuring contractual obligations are met. It should also make the job of the auditor easier, keeping any ineligible expenditure items observed upon completion of the project to a minimum. This meeting also provides the auditor with an opportunity to make recommendations to the CSO at the start of the project.

Please note: audited expenditure items must not under any circumstances be sampled at this stage. The auditor may choose to outline the aim and the sampling procedures (% of expenditure items, breakdown by budget item, random selection, and so on), but sampling will only be conducted during the financial audit at the end of the project.

What preparations should be made?

To ensure that the meeting runs as smoothly and as constructively as possible, the CSO will share any documents the auditor requests of them in advance of the meeting (such as the CSO's articles of association, CSO accounts and activity reports, the AFD funding agreement and any supplementary clauses, the partnership agreement, the project document (NIONG) and the methodological guide).

What points should be addressed?

Each auditor will be responsible for setting the agenda for the meeting. If a scoping meeting is to take place, DPA/OSC wants at least the following points to be addressed:

- The CSO's contractual obligations to AFD under the terms of the agreement (this includes scheduling, eligibility of expenditure items, tendering, activity reports and partnership agreements).
- The scope and the nature of the project co-financed by AFD.
- The nature of any partnerships within the project (outlining their scope, their purpose, financial reallocation or reallocation in kind, contractual arrangements for supervision, and the fiduciary circuit)
- Any information relating to the existence of a consortium, where applicable, and the contractual arrangements for implementation of the consortium
- The tendering arrangements the CSO intends to employ within the project (CSOs are encouraged to share an indicative tendering plan with the auditor, listing all of the contracts to be awarded or in the process of being awarded within the project and including all of the relevant key information)
- The funding mechanism for the project (including the types of co-financing arrangements, the level of co-financing and payment procedures)
- Financial and accounting traceability procedures for the project and the CSO's internal control procedures
- The procedures for applying contractual obligations regarding compliance with International Sanctions Lists (vetting)

What should this meeting achieve?

It should give the auditor the opportunity to:

- Acquire sufficient knowledge of the project's organizational procedures, in addition to accounting and information-sharing processes
- Identify weakness and risk factors in relation to the nature of the project and the type of partnership
- Identify key, specific control points
- Identify the CSO's traceability procedures for financial and accounting information

It should give the CSO the opportunity to:

- Get to know its contractual obligations to AFD and their involvement in practical implementation of the project
- Identify any areas of potential risk in its management method which could prevent it from meeting its obligations and to determine how these can be addressed
- Identify best practice regarding the traceability of project information (examples include introducing analytical monitoring of the project, time sheets and pay slips) and tendering
- Understand what form the financial audit will take, what is expected and how they can work effectively with the auditor

Following this meeting, the auditor will draft an independent scoping report outlining their main recommendations for the financial audit. This report will be shared with the CSO.

At the mandatory halfway point meeting, the CSO may present the contents of the scoping report to DPA/OSC and any measures the CSO has taken aimed at meeting the recommendations made by the auditor.

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Execution of the financial audit and report

The auditor will carry out their assignment at the end of phase 1 and at the end of phase 2, and will prepare a report for each audit. For multi-phase projects, they must check to ensure that any recommendations made during the audit on the previous phase have been implemented by the CSO.

The CSO must send the interim financial audit report to DPA/OSC within three months of the end of phase 1, and send the audit report for phase 2 within six months of the project end date.

Should the audit identify ineligible expenditure items, any unsubstantiated funds should be paid back to AFD within six months of the audit report being validated by DPA/OSC.

XI.3 Questionnaire to be completed by the auditor and submitted to Agence Française de Développement

FINANCIAL AUDIT CHECKLIST

The auditor selected through the tendering process shall commit to carrying out all of the following checks. **A copy of this list, completed, and signed, must be attached to the interim or final audit report.** If certain points cannot be verified, this must be stated in the management letter, with reasons provided.

Auditor (name/status/address):
Certification/qualification:
CSO or partner audited:
Audit dates and period covered:
AFD agreement no.:
Amount audited:
Tranches : Tranche 1 report (interim) or Tranche 2 report (final): please specify

1. AUDIT QUESTIONS	Yes, point checked	Add a comment if unable to check point
1.1. Audit procedures		
Was a scoping meeting held between the auditor and the CSO within the first 12 months of project implementation?		
Has the auditor independently defined the sample of expenditure to be audited?		
Before AMI 2023: Is the sample of expenditure to be audited greater than 50% of the total amount of project expenditure? From AMI 2023 onwards: Is the sample of expenditure to be audited greater than 60% of the total amount of project expenditure?		
Has each budget item been checked for a significant amount?		

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1. AUDIT QUESTIONS	Yes, point checked	Add a comment if unable to check point
1.1. Audit procedures		
Has the auditor carried out any checks on the control of locally-managed expenditure? If yes, please explain the method used (field visit, partnership with a local audit firm, local documents sent to headquarters, etc.).		
1.2. Contractual obligations		
Do contractual documents (application form, financing agreement, partnership agreement) exist; are they signed and dated?		
Is there a well-defined accounting and financial management system? Have the responsibilities of the CSO, project coordination, management, and financial control been clearly defined?		
Have the provisions included in the agreement and in the methodology guide in effect when the grant was made been complied with?		
<ul style="list-style-type: none"> - Has the procedural framework described in the CSO Compliance questionnaire been respected? - Have the procedures and measures described in the Project Compliance questionnaire been properly followed? - Has the contractual commitment to refrain from making funds available to persons listed in the project framework been honored? Compliance with the commitment may be checked by any appropriate means (including screening), against a sample of expenditure (including, where applicable, cash transfers and/or economically exploitable resources) financed by the AFD grant. - If the project falls within the scope of an exemption, exception, waiver, or measures other than screening, does it comply with the frameworks set out in Worksheet 10 of the “CSO Initiatives” methodology guide? 		
1.3. Financing plan analysis		
Has the ceiling applied to valuations of a maximum of 25% of the total project budget been complied with? Note that valuations may not appear in the contributions from AFD and French ministries.		

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Have the methods for calculating valuations set out in the methodology guide been followed?		
<ul style="list-style-type: none"> - Has the contractually agreed budget been broadly kept to, within the rules specified for each budget heading and partner? - If you found a variation greater than or equal to 20% of the total of each budget heading, was the variation covered by a no-objection from AFD? 		
Have the criteria relating to resources been complied with (maximum percentage of co-financing and share of subsidies from private sources where applicable)?		
Are the resources listed in the final report actually those allocated to the project (correct allocation of expenditure by donor)?		
If you found a substantial change in the financing plan or in the percentage of AFD financing or co-financing, was the change covered by a no-objection from AFD?		
In the expenditure table, have the ceilings specified in the methodological guide been complied with? <ul style="list-style-type: none"> - “Miscellaneous and contingencies” costs are capped at 5% of the project’s total direct costs (excluding administrative and overhead costs). - Indirect costs are capped at a maximum % of the project’s direct costs, as specified in the AMI for which the project was submitted and selected. 		
Have partners and stakeholders who are reallocation beneficiaries been systematically reported to AFD?		
1.4. Accounting system checks		
In the CSO’s accounting system, is there an analysis code specifically for project-related income and expenditure?		
Can the amount stated in the implementation report be reconciled with a list of expenses extracted from the accounting system?		
Can an invoice or an accounting document of equivalent probative value be attributed to each expense in the accounting system?		
Can a proof-of-payment document (usually a bank statement, bank transfer confirmation, or receipt) be attributed to each expense in the accounting system?		

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1.5. Expenditure control		
<u>Compliance with applicable legislation</u>		
<ul style="list-style-type: none"> - Have European Union (for French CSOs) or national (for local CSOs) regulations been complied with? - Does the public procurement process comply with: <ul style="list-style-type: none"> ▪ European and national/internal regulations for awarding contracts and the rules stipulated in the agreement. ▪ Documentation on compliance with the chosen procedure (applications, rejection letters, notification, contract)? ▪ The principles of transparency, non-discrimination, fair treatment, and respect for competition? 		
<u>Expenditure eligibility checks</u>		
<ul style="list-style-type: none"> - Does expenditure comply with the eligibility criteria set out in the methodology guide? - Have assurances been obtained to the effect that expenditure has not already been subsidized by other financing (EU, regional, local, or other) not declared in the financing plan? Are controls in place to avoid double financing? 		
<u>Staff costs</u>		
<ul style="list-style-type: none"> - Are expenses related to the CSO's employees or otherwise justified in terms of the actions provided for in the agreement? - Are staff costs supported by documents such as employment contracts, pay statements (or any other document of equivalent probative value), payment receipts, details of calculations to determine unit staff costs (day, week, month), time cards, or time sheets specific to the project? - Is the calculation based on actual costs (gross salaries + employer's contractual obligations for employees actually working on the project)? - Where staff are not working full-time on the project, is the pro rata calculation based on a traceable and auditable method? 		
<u>Travel and accommodation</u>		
<ul style="list-style-type: none"> - Have travel, per diem, and accommodation expenses been declared in accordance with the CSO's internal rules and regulations? 		

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<ul style="list-style-type: none">- Are the trips to which these expenses relate justified by the project's objectives as set out in the initial application?- Are the trips limited to the geographical areas covered by the project? Have any trips outside these areas been explicitly approved by AFD?- Are travel and accommodation expenses related exclusively to trips made by project participants identified by the CSO or its partners?		
<u>Equipment costs</u> <ul style="list-style-type: none">- Was the equipment purchased covered by the initial application for financing? If not, did AFD approve the purchase by a no-objection, in accordance with the provisions of the methodology guide (equipment cost greater than €10,000)?- If a material asset is valued, is the depreciation method used in line with the methodology guide?- If the equipment was not used exclusively for the project, is only a portion of the actual costs allocated to the project? Is this portion calculated according to a fair and justified method?		
<u>External expertise</u> <ul style="list-style-type: none">- Are the expenses related to the items included under this budget heading as detailed in the application for financing?- Has the use of external expertise been carried out in compliance with the competitive tendering and contract award rules set out in the agreement?		
<u>Exchange rates</u> <ul style="list-style-type: none">- Has the CSO explained the conversion method used and verified the rate?- Does this method comply with the provisions of Article 3.2.3 of the agreement?- Has the CSO specified how it will use the proceeds of foreign exchange gains and compensate for foreign exchange losses over the project implementation period?		

2. EXPECTED DELIVERABLES	Yes, sent to AFD	If no, why not?
An audit report, commenting on each of the checks carried out and on the amount of expenditure found to be ineligible, and including in particular an assessment of calls for tender, reallocations, project resources, and valuations carried out during the project.		
A management letter summarizing the main findings of the expenditure audit report and outlining the main recommendations.		

XI.4 Statement of Integrity, Eligibility, and Environmental and Social Responsibility

Tender title: _____ (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 links it directly or indirectly to the Contracting Authority. Consequently, there can be no legal relationship between AFD and our company, our consortium, and our subcontractors. The Contract Authority retains exclusive responsibility for the preparation and implementation of the contract award process and performance of the contract.
2. We hereby certify that neither we nor any other member of our consortium or any of our subcontractors are in any of the following situations:
 - 2.1) Being in a state of or having been the subject of bankruptcy, liquidation, judicial settlement, safeguard, or cessation of activity proceedings, or being in any similar situation resulting from a similar procedure;
 - 2.2) Having been convicted within the last five years by a judgment having the effect of res judicata in the country where the Project is being implemented for one of the acts referred to in Articles 6.1 to 6.4 below or for any offense committed in connection with the award or performance of a contract;¹
 - 2.3) Being included in the lists of financial sanctions adopted by the United Nations, the European Union, and/or France, in particular to combat the financing of terrorism and violations of international peace and security;
 - 2.4) In professional matters, having been guilty of serious misconduct in the last five years in connection with the award or performance of a contract;
 - 2.5) Having failed to meet our obligations to pay social security contributions or taxes in accordance with the legal provisions of the country where we are established or those of the country of the Contracting Authority;
 - 2.6) Having been convicted within the last five years by a judgment having the effect of res judicata for any of the acts referred to in Articles 6.1 to 6.4 below or for any offense committed in connection with the award or performance of a contract financed by AFD;
 - 2.7) Being subject to a debarment decision by the World Bank, on or after May 30,

¹ If you have been convicted of any such offense, you may attach to this Statement of Integrity any additional information that might indicate that the conviction is not relevant to the contract financed by AFD.

2012, and being listed as such at <https://www.worldbank.org/debarr>;²

2.8) Having been guilty of falsely documenting or misrepresenting information required as part of the contract award process.

3. We hereby certify that neither we nor any other member of our consortium or any of our subcontractors are in any of the following situations of conflict of interest:

3.1) Being a shareholder controlling the Contracting Authority or subsidiary controlled by the Contracting Authority, unless the resulting conflict has been brought to the attention of AFD and resolved to its satisfaction.

3.2) Having a business or family relationship with a member of the Contracting Authority's staff involved in the selection process or in monitoring the resulting Contract, unless the resulting conflict has been brought to the attention of AFD and resolved to its satisfaction;

3.3) Controlling or being controlled by another bidder, being under the control of the same company as another bidder, receiving from another bidder or awarding to another bidder directly or indirectly any subsidies, having the same legal representative as another bidder, having direct or indirect contacts with another bidder enabling us to have and give access to information contained in our respective tenders or proposals, to influence them, or to influence the decisions of the Contracting Authority;

3.4) Being engaged for a consultancy assignment which, by its nature, is likely to be incompatible with our missions on behalf of the Contracting Authority;

3.5) In the case of a procedure for awarding a contract for works or supplies:

ii. Prepared ourselves or were associated with a consultant who prepared specifications, plans, calculations, and other documents used in the competitive bidding process in question;

iii. We, or any of the firms with which we are affiliated, are engaged, or are to be engaged, by the Contracting Authority to carry out the supervision or monitoring of the work under the Contract.

4. If we are a public institution or a state-owned company, we hereby certify that we have legal and financial autonomy and that we operate under commercial laws and regulations.³

5. We undertake to inform the Contracting Authority without delay, which will inform AFD, of any change in the situation with regard to points 2 to 4 above.

6. In connection with the award and performance of the Contract:

² If you have been subject to any such debarment decision, you may attach to this Statement of Integrity any additional information that might indicate that the debarment decision is not relevant to the contract financed by AFD.

³ Delete this article if the contract is entered into with a state-owned company without competitive bidding.

- 6.1) We have not and will not commit any unfair maneuver (act or omission) intended to deliberately deceive others, intentionally conceal matters from them, surprise or vitiate their consent or cause them to circumvent legal or regulatory obligations, and/or violate their internal rules in order to obtain an illegitimate benefit.
- 6.2) We have not and will not commit any unfair maneuver (action or omission) contrary to our legal or regulatory obligations and/or our internal rules in order to obtain an illegitimate benefit.
- 6.3) We have not promised, offered, or granted, and will not promise, offer, or grant, directly or indirectly, to (i) any person holding a legislative, executive, administrative, or judicial office in the State of the Contracting Authority, whether appointed or elected, whether permanent or not, whether paid or unpaid, and whatever their level of authority, (ii) any other person who performs a public function, including for a public institution or state-owned company, or who provides a public service, or (iii) any other person defined as a public official by the national laws of the Contracting Authority's country, an undue advantage of any kind, for himself or herself or for another person or entity, for such public official to act or refrain from acting in his or her 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 holds an executive position in a private sector entity or works for such an entity, regardless of the nature of his or her capacity, any undue advantage of any kind, for himself or herself 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 that has the purpose or effect of preventing, restricting, or distorting competition, including by limiting access to the Contract or the free exercise of competition by other companies;
- 6.6) Neither we nor any of the members of our consortium or any of our subcontractors will acquire or supply equipment nor operate in any sectors under an embargo of the United Nations, European Union, or France.
- 6.7) We undertake to comply with, and to ensure that all our subcontractors comply with, internationally recognized environmental and social standards, including the core conventions of the International Labour Organization (ILO) and international conventions for the protection of the environment, consistent with the laws and regulations applicable in the country where the Contract is performed. We also undertake to implement the environmental and social risk mitigation measures specified in the environmental and social management plan or, where applicable, in the environmental and social impact notice provided by the Contracting Authority.

7. We, the members of our consortium and our subcontractors authorize AFD to examine the documents and records relating to the award and performance of the Contract and to



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submit them for verification to auditors appointed by AFD.

Name: _____ In the capacity of: _____

Signature: _____

Duly empowered to sign in the name and on behalf of:⁴ _____

Dated: _____

⁴ In case of consortium, insert the name of the Consortium. The person signing the tender on behalf of the Bidder must attach to the tender a power of attorney from the Bidder.