

REQUEST FOR TENDERS

RFT: 2022/047_ReAd
File: AP_2/41
Date: 11 October, 2022
To: Interested consultants
From: Mathilde Kraft, Kiwa Project Development Coordinator

Subject: Request for tenders (RFT): Appointment of Auditors for SPREP Technical Assistance to Kiwa Initiative 2021-2025, READVERTISEMENT

1. Background

- 1.1. The Secretariat of the Pacific Regional Environment Programme (SPREP) is an intergovernmental organization 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. For more information, see: www.sprep.org.

2. Specifications: statement of requirement

- 2.1. SPREP wishes to call for tenders from qualified and experienced consultants who can offer their services to conduct a financial, procurement and internal control, as outlined in the Terms of Reference set out in Annex A, for SPREP's Technical Assistance to the Kiwa Initiative for the years 18 November 2020 to 31 December 2021, 1 January 2022 to 31 December 2022, 1 January 2023 to 31 December 2023, 1 January 2024 to 31 March 2025.
- 2.2. The Terms of Reference of the consultancy are set out in Annex A.
- 2.3. 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.
- 2.4. 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:



SPREP

Secretariat of the Pacific Regional
Environment Programme

- i. Submit a detailed Curriculum vitae detailing qualification and previous relevant experience for each proposed personnel;
 - ii. Provide three referees relevant to this tender submission, including the most recent work completed;
 - iii. Provide examples of past related work outputs;
 - iv. 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*); and *For the Technical and Financial proposals you may attach these separately.*
 - v. 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 be submitted in English and outline the interested consultant'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*).
 - For the Technical and Financial proposals you may attach these separately.*
 - b) **Declaration of honour**
 - c) **Curriculum Vitae** of the proposed personnel to demonstrate that they have the requisite skills and experience to carry out this contract successfully.
 - d) **Technical Proposal** which contains the details to achieve the tasks outlined in the Terms of Reference.
 - e) **Financial Proposal** which contains a detailed outline and schedule of priced tasks in accordance with tasks outlined under the Terms of Reference's *Audit Stages and Timetable* sections submitted in United States Dollars (USD) and inclusive of all associated taxes.



SPREP

Secretariat of the Pacific Regional
Environment Programme

- 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.
- 4.8. Tenderers must insist on an acknowledgement of receipt of tender.

5. Tender Clarification

- 5.1. a. Any clarification questions from applicants must be submitted by email to procurement@sprep.org before 18 October 2022. A summary of all questions received complete with an associated response posted on the SPREP website www.sprep.org/tender by 20 October 2022.
- 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 consultant 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
Experience	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.	15%
	The auditor must employ sufficient staff with: (i) appropriate professional qualifications and suitable experience with IFAC standards. 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. 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 3.2.2 – 3.2.4 of ToR on Qualifications, experience and team composition)	20%
	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.	30%
Technical Proposal / Methodology	Provides a competitive fee for the tender. It is essential to note that the “value for money” assessment will consider economical, efficiency and effectiveness, which does not necessarily favor the cheapest tender	15%

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: 26 October 2022, 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 2022/047_ReAd: **Appointment of Auditors for SPREP Technical Assistance to Kiwa Initiative 2021-2025_READVERTISEMENT**'

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.

Note: Submissions made to the incorrect portal will not be considered by SPREP. If SPREP is made aware of the error in submission prior to the deadline, the applicant will be advised to resubmit their application to the correct portal. However, if SPREP is not made aware of the error in submission until after the deadline, then the application is considered late and will be returned unopened to the sender.

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 FOR A FINANCIAL, PROCUREMENT AND INTERNAL CONTROL AUDIT

Kiwa Initiative – Nature-based solutions for climate resilience in the Pacific

Agreement number(s):	CZZ2748 03 L
Entity subject to the audit:	Secretariat of the Pacific Regional Environment Programme (SPREP)
Country:	Samoa
Period covered:	Year 1: 18 November 2020 to 31 December 2021 Year 2: 1 January 2022 to 31 December 2022 Year 3: 1 January 2023 to 31 December 2023 Year 4: 1 January 2024 to 31 March 2025



Contents

<u>Contents</u>	7
<u>1 Audit Context, Objectives and Scope</u>	9
<u>1.1 Context</u>	9
<u>1.1.1 Presentation of entity implementing the project (the Contracting Authority)</u>	9
<u>1.1.2 Presentation of the Project / Programme</u>	9
<u>1.1.3 Context of the Audit</u>	9
<u>1.2 Audit Objectives</u>	9
<u>1.3 Scope (or Extent) of the Audit</u>	10
<u>1.3.1 Contractual Conditions</u>	10
<u>1.3.2 Period(s) Covered</u>	10
<u>1.3.3 Financial and Volume Data</u>	10
<u>1.3.4 Restrictions to the Scope of Work</u>	11
<u>2 Audit Methodology and Reference Framework</u>	11
<u>2.1 Conduct of the Audit</u>	11
<u>2.1.1 Audit Stages</u>	11
<u>2.1.2 Audit Timetable</u>	12
<u>2.1.3 Engagement Logistics</u>	13
<u>2.1.4 Volume of Services</u>	13
<u>2.1.5 Report Structure and Content</u>	14
<u>2.2 Audit Methodology</u>	14
<u>2.2.1 Sample Determination</u>	14
<u>2.2.2 Eligibility Conditions</u>	14
<u>2.2.3 Determination of the Opinion</u>	15



SPREP

Secretariat of the Pacific Regional
Environment Programme

2.2.4	Documentation of Identified Misstatements and Weaknesses	16
2.3	Audit Procedures	16
2.3.1	Financial Statements Review and Verification of the Use of Allocated Funds	16
2.3.2	Procurement Audit	17
2.3.3	Follow-up of the Recommendations of Previous Audits	17
3	Professional obligations	18
3.1	Standards and ethics	18
3.1.1	Professional Standards to be Used	18
3.1.2	Ethics and Independence	18
3.2	Requirements for the Auditor	19
3.2.1	Auditor's Professional Affiliation	19
3.2.2	Audit Team Qualifications and Experience	19
3.2.3	Team Profiles	19
3.2.4	Curriculum Vitae (CVs)	20
3.2.5	Composition of the Audit Team	21
4	Appendices	22
4.1	Key Project/Programme Information	22
4.2	Nomenclature of Findings and Misstatements	22
4.3	List of Expenditures and Findings (Model)	22
4.4	Letter of Representation (Model)	22
4.5	Detailed list of contracts	22

1 Audit Context, Objectives and Scope

1.1 Context

1.1.1 Presentation of entity implementing the project (the Contracting Authority)

1.1.2 Presentation of the Project / Programme

Additional information about the Project / Programme is available in Annex 4.1.

Officially started in March 2020, the “Kiwa Initiative – Nature-based Solutions for climate resilience” is the first programme ever to gather five donors (France, the European Union, Canada, Australia and New Zealand) and regional/national partners around a common objective: to enhance access to funding for rights-based gender-sensitive and socially-inclusive climate change adaptation through nature-based solutions for Pacific Island Countries and Territories (PICTs), including local, national and regional authorities as well as civil society organisations. Taking action to protect biodiversity (conservation/restoration) and developing Nature-Based Solutions (NBS) to anticipate, reduce vulnerabilities and strengthen adaptive capacities of Pacific Island Countries and Territories in the face climate change are the core governing principles of the Initiative.

Among the three components of the Initiative, the B1 component aims at supporting capacity building in the 19 beneficiary PICTs and the development of large regional projects. Both of these fundamental and complementary actions will allow cross cutting activities between biodiversity and climate change within beneficiary countries and territories.

SPREP and AFD signed on 18th November 2020 the Grant financing Agreement N°AFD CZZ 2748 03 L for the implementation by SPREP of the B1 component of the Initiative, where SPREP is responsible for providing technical support and assistance to build capacities and strengthen cooperation through the development of regional projects and policies.

1.1.3 Context of the Audit

This audit is a requirement as per the Financing Agreement dated November 18, 2020 between Agence Francaise De Developpement ‘The Agency’ and The Secretariat of the Pacific Regional Environment Programme (SPREP) ‘The Beneficiary’. (cf. section 3.2.1 (h) of the Grant Financing Agreement)

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

1.2 Audit Objectives

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



SPREP

Secretariat of the Pacific Regional
Environment Programme

- **the financial statements¹** of the Project / Programme present fairly, in all material aspects, the expenditure actually incurred and revenue actually received for the Project / Programme for the period covered by the audit;
- **the funds allocated to the Project / Programme have, in all material aspects, been used in conformity with the applicable contractual conditions; the expenditure is compliant with the rules of sound financial management, assessed notably in the light of eligibility criteria (see Annex 4.2 – Nomenclature of Findings and Misstatements);**

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

1.3 Scope (or Extent) of the Audit

1.3.1 Contractual Conditions

- Financing Agreement dated 18 November 2020;
- Activity programmes that required an AFD No-objection;
- Procurement Guidelines for SPREP;
- Procurement Plan.
- Procedures manuals (MOP) approved by AFD.

1.3.2 Period(s) Covered

Audits will be conducted annually over the following period:

Year 1: 18 November 2020 to 31 December 2021

Year 2: 1 January 2022 to 31 December 2022

Year 3: 1 January 2023 to 31 December 2023

Year 4: 1 January 2024 to 31 March 2025

The contract is multiannual for the duration of the project and will be reviewed after every twelve months.

1.3.3 Financial and Volume Data

The Budget for the entire period amounts to EUR 1 050 000. Financial and volume data for the first period (18/11/2020-31/12/2021) covered by the financial component of the audit is provided below:

Budget for the first period – EUR 195,437;

Expenditure amount implemented over the period – EUR 28,363.46;

Separate bank account. BSP 2001271887

Number of expenses – 41;

Indicative number of supporting documents corresponding to these expenses – 180

¹ The generic term “financial statements” is used regardless of the format used by the Entity: balance sheet and operations / income statement, situation of budget execution, supply and use table, etc.

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

0 contracts were signed during the first year (18/11/2020-31/12/2021)

A detailed list of contracts is attached to these TOR (as Annex 4.6)].

1.3.4 Restrictions to the Scope of Work

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

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

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

2 Audit Methodology and Reference Framework

2.1 Conduct of the Audit

2.1.1 Audit Stages

Engagement preparation

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

He /she should ensure the availability:

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

Opening meeting with the Project / Programme

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

Execution of the audit engagement

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

Aide-mémoire and restitution meeting

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

Draft Report to be sent to SPREP

The draft report must be prepared within a period of 5 working days after the closing meeting. Submission follows the following stages:

Draft report sent simultaneously to the AFD and SPREP
The DR is sent at the same time to AFD and SPREP for their comments
The auditor integrates the comments from AFD and SPREP and prepares the final report

Comments on the draft report by AFD and SPREP

AFD and SPREP have 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, which contacts the Entity to agree on a solution. Any additional period granted by SPREP is confirmed in writing to the auditor and the Entity.

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.

2.1.2 Audit Timetable

a) Annual Audits

The indicative start date for the mission is **November 1st, 2022**. Start-up must occur within 5 working days after official notification.

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

The maximum duration of the mission is set at 45 working days.

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

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

2.1.3 Engagement Logistics

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

A secure and air-conditioned space is provided within the Finance and Administration Division building located at Vailima with Internet connection.

2.1.4 Volume of Services

The estimated overall volume of services over the whole period (4 audits) in man-days for the entire audit team is 45 days. The table below details the volumes of services by expert:

	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
---------------	---	---	---	----	----	----	----

2.1.5 Report Structure and Content

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

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

He /she then sends to the SPREP/AFD two original paper versions on the auditor's letterhead and an electronic version (in Word and Excel for the annexes) of the final report along with a cover note. In the cover note, he / she should confirm that two original paper versions of the final audit report have been sent to SPREP. 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.

2.2 Audit Methodology

2.2.1 Sample Determination

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

Sample determination may be reviewed for each financial year audited.

- a) Financial audit relating to the use of allocated funds

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

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.

2.2.2 Eligibility Conditions

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



SPREP

Secretariat of the Pacific Regional
Environment Programme

its compliance:

- with the financing agreement, Manual of Operations and with the contracts,
- with procurement legislation, SPREP procurement guidelines 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
- 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 / Programme has ensured to obtain the most satisfactory quality/price ratio;

that the expenditure/contracts have been incurred/executed by SPREP during the Project / Programme implementation period defined in the financing agreement;

that expenditure is adequately recorded in SPREP's accounts;

that expenditure does not include any ineligible costs (e.g. certain taxes or VAT).

That expenditure is adequately geographically and thematically distributed as requested by AFD (and as explained in the Kiwa reporting templates)².

2.2.3 Determination of the Opinion

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

² As soon as an expenditure (including regional) can be associated with the category "ACP (except Cook Islands and Tokelau) or the category OCT non-ODA eligible territories" (New Caledonia and French Polynesia.), the Beneficiary will have to operate this breakdown. The portion of regional expenditures that can be easily and clearly attributed to specific countries or territories must be systematically attributed. As indicated in the Kiwa Annual Financial Report template, the Beneficiary will have to do a specific reporting for Wallis and Futuna, Cook Islands and Tokelau to allow for a close follow-up of expenses in those territories/countries. The criteria for the geographical allocation of the expenditure is primarily based on the **logic of which beneficiary(ies) will benefit from the action, and NOT on the location of the expenditure**. For example, expenses related to a workshop, taking place in Noumea but organized exclusively for representatives of ACP countries will be considered as expenses for ACP. In the case where a regional expense cannot easily be considered as being for the benefit of one category or another, the Beneficiary will be allowed to put them into the category « Regional expenses not attributable to ACP/OCT ». This concerns regional expenses that are by definition transversal/cross-sectoral.

A breakdown of expenses that can be clearly associated with the topic of "**Invasive alien species**" is requested within each activity/cost category/country-territory. For all other topics, the expenses are declared as "**Other themes**".

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

2.2.4 Documentation of Identified Misstatements and Weaknesses

The Excel file attached in Annex 4.3 should be used by the auditor to document procedures performed on audited expenditure and contracts and summarise identified misstatements. Annex 4.3 should be attached to the auditor's report.

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

2.3 Audit Procedures

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

Verification of financial statements

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

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

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

Verification of the use of funds

The objective of these procedures is to ensure that:

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

The auditor's work covers in particular:

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

2.3.2 Procurement Audit

The auditor examines and assesses the following aspects:

- a) Contracts subject to an AFD No-objection

For contracts subject to an AFD No-objection, the auditor is asked to verify that the necessary No-objection have been requested and delivered. If not, the same audit procedures should be performed as for contracts not subject to an AFD No-objection.

2.3.3 Follow-up of the Recommendations of Previous Audits

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

3 Professional obligations

3.1 Standards and ethics

3.1.1 Professional Standards to be Used

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

Fraud and Corruption: in accordance with **ISA 240** (Consideration of the risk of fraud and error in an audit of financial statements), it is important to identify and assess the risks of fraud, obtain or provide sufficient audit evidence for the analysis of these risks, and deal with identified or suspected fraud appropriately.

Laws and Regulations: when developing the audit approach and executing the audit procedures, the Project/Programme compliance with laws and regulations that may significantly affect financial statements should be assessed, as required by **ISA 250** (Consideration of the risk of misstatement in an audit of financial statements resulting from non-compliance with legal and regulatory texts).

Governance: communication with the Project / Programme Management members in charge of governance on major audit matters in compliance with **ISA 260** (Communication on the mission with those charged with Governance).

Risks: to reduce audit risks to a relatively low level, appropriate audit procedures in response to the risks of misstatements identified after the assessment of the internal control system should be implemented, in accordance with **ISA 330** (Audit procedures implemented by the auditor after his risk assessment).

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

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

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

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

3.1.2 Ethics and Independence

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

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

3.2 Requirements for the Auditor

Auditor's Professional Affiliation

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

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

3.2.2 Audit Team Qualifications and Experience

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

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

3.2.3 Team Profiles

3.2.3.1 Key Experts

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

Category 1 – (Audit partner)

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

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

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

Category 2 – (e.g. Team Leader)

Team Leader(s) should be qualified expert(s) with a relevant university degree or professional qualification in **accounting and/or auditing**. 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.

3.2.3.2 Non-Key Experts

Category 5 – (e.g. assistant auditor)

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

3.2.3.3 Support Staff and Technical Support

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

3.2.4 Curriculum Vitae (CVs)

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



SPREP

Secretariat of the Pacific Regional
Environment Programme

3.2.5 Composition of the Audit Team

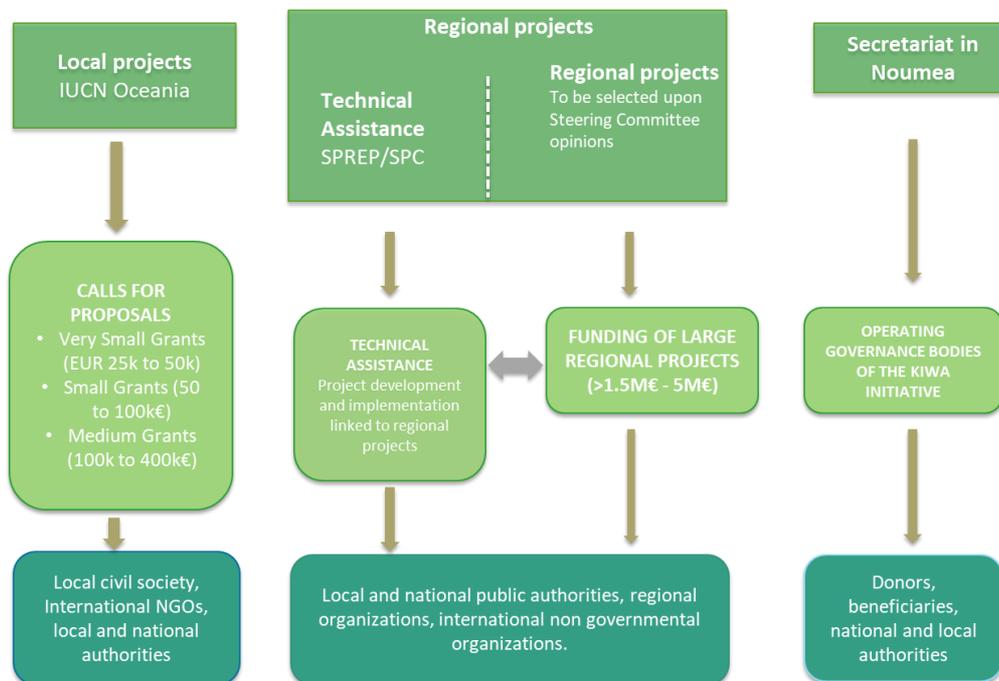
	Cat 1: Partner	Cat 2: Team Leader	Cat 3: Supervisor	Cat 4: Senior Auditor	Cat 5: Assistant Auditor	TOTAL
Min. No. of auditors						
Other personnel (technical or PM)						
TOTAL						



- 4 Appendices
 - 4.1 Key Project/Programme Information
 - 4.2 Nomenclature of Findings and Misstatements
 - 4.3 List of Expenditures and Findings (Model)
 - 4.4 Letter of Representation (Model)
 - 4.5 Detailed list of contracts

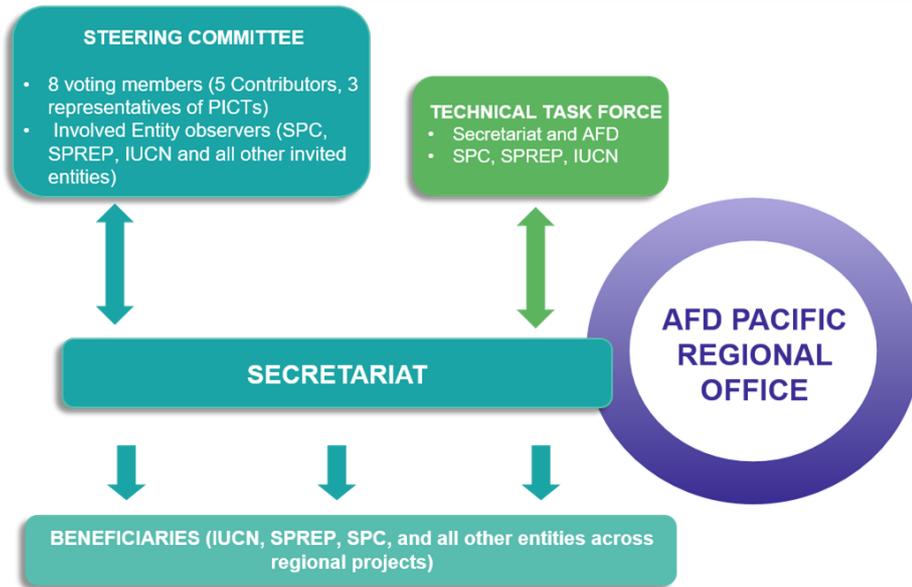
Annex A.1 Key Project Information

The Kiwa Initiative is designed to increase the capacities of PICTs to access climate funding mechanisms and to protect, restore, and enhance biodiversity in order to adapt to climate change impacts and to strengthen the resilience of their socio-ecological systems. The main activities within the scope of the Initiative can be summarized into three main components: regional projects (including at least two eligible countries or territories), local projects (for very small, small or medium-sized grants, managed by IUCN), and a technical assistance programme.



Overall architecture for project development and implementation under the Kiwa Initiative

L'Agence Française de Développement (AFD) is responsible for implementing the Initiative in close collaboration with its governing bodies, namely the Steering Committee, the Secretariat and the Technical Task Force. The overall governance structure of the Initiative can be pictured as follow:



Governance structure of the Kiwa Initiative

- The Steering Committee (SC) is the strategic direction body of the Initiative. It is a consensus-building forum, the role and function of which is to provide strategic orientations, recommendations, advice and guidance and to issue opinions concerning funding decisions and support communication, information sharing and coordination between the donors, representatives of PICTs, SPC, SPREP and IUCN.
- The Kiwa Initiative Secretariat's mission is to provide technical, logistical, communication, administrative and financial support to AFD for the management of the Initiative. It includes a support for the preparation of the Steering Committee meetings, the design and monitoring of the reporting tools and activities, the communication and visibility strategy of the Initiative, the relationships between all the parties involved, etc.
- The Technical Task Force is a technical group gathering AFD, the Kiwa Initiative Secretariat, SPC, SPREP and IUCN as the three organizations providing technical support for the Initiative. The purpose of this technical group is to promote exchanges and coordination between the entities in charge of technical assistance within the Initiative.

SPREP and SPC jointly carry out technical assistance activities (Component B1) for project development and support for the implementation of projects (Component B2). Training and capacity building activities are offered, depending on the needs expressed, to facilitate the development of major projects eligible for funding under the B2 Component and to mainstream Nature-based Solutions into climate change adaptation policies.

Component B1 – (SPC and SPREP)

The **specific objectives** of component B1 are as follows:

- Identify major projects to be submitted for funding to the Kiwa Initiative.

- Support for project development through capacity building of PICTs to mainstream Nature-based Solutions into climate change adaptation projects and policies.
- Support for project design through tailored technical assistance to project developers (PICTs, regional organizations) and management of feasibility studies on Nature-based Solutions for climate change adaptation.
- Support for the implementation of cross-cutting activities within projects on Nature-based Solutions for climate change adaptation financed by the Kiwa Initiative (lessons learnt process, showcasing and disseminating results) at the design, launch and implementation phases.
- Promote the Kiwa Initiative to regional, national and local stakeholders.
- Ensure coordination and synergies between beneficiaries of the Kiwa Initiative, the Secretariat and donors regarding projects on Nature-based Solutions for climate change adaptation in the region.

Target populations

19 Pacific Island Countries and Territories are eligible:

- 16 countries and territories on the DAC-OECD list: Cook Islands, Fiji, Kiribati, Federated States of Micronesia, Marshall Islands, Solomon Islands, Nauru, Niue, Palau, Papua New Guinea, Samoa, Tonga, Tuvalu, Vanuatu, Timor-Leste and Tokelau
- 3 French Overseas Territories in the Pacific: New Caledonia, French Polynesia and Wallis and Futuna (the latter also appearing on the DAC-OECD list).

Component B1 – (SPREP)

A **Financing Agreement** between AFD and SPREP was signed on November 18th, 2020 to achieve the overall and specific objectives of the B1 component as described above.

Period of implementation: from November 18th, 2020 to March 30th, 2025.

The **main actions and tasks** conducted by SPREP in the framework of the B1 component are as follow:

- Identify major projects to be submitted for funding to the Kiwa Initiative.
- Support for project development through capacity building of PICTs to mainstream Nature-based Solutions into climate change adaptation projects and policies.
- Support for project design through tailored technical assistance to project developers (PICTs, regional organizations) and management of feasibility studies.
- Support for the implementation of cross-cutting activities within projects on Nature-based Solutions for climate change adaptation financed by the Kiwa Initiative (lessons learnt process, showcasing and disseminating results) at the design, launch and implementation phases.
- Promote the Kiwa Initiative to regional, national and local stakeholders.
- Ensure coordination and synergies between beneficiaries of the Kiwa Initiative, the Secretariat and donors regarding projects on Nature-based Solutions for climate change adaptation in the region.

The main **expected results and activities** of the component B1 for SPREP are:



SPREP

Secretariat of the Pacific Regional
Environment Programme

- **Output/Key Result Area 1** – Capacities of PICTs to integrate Nature-based Solutions consideration in response to climate change adaptation and biodiversity conservation into their national and local policies are enhanced.
 - ***Activity 1.1:*** Strengthen the capacity of regional, national and local stakeholders to integrate Nature-based Solutions into national and local policies and to develop related regional projects, through the design and implementation of regional, national and local training workshops and webinars.
 - ***Activity 1.2:*** Promote the Kiwa Initiative through Nature-based Solutions approach for climate change adaptation and support PICT participation at regional and international levels, including preparation of communication materials.

- **Output/Key Result Area 2** – Support for the development and implementation of large projects under Component B2 of the Kiwa Initiative is successfully provided
 - ***Activity 2.1:*** Identification, support to implementation and monitoring of SPREP-led projects in collaboration with PICTs.
 - ***Activity 2.2:*** Support for PICT-led regional projects development by integrating local, national and regional partnerships.

- **Output/Key Result Area 3** – Kiwa Initiative’s components are fully integrated through the technical task force and within SPREP related-programs and projects
 - ***Activity 3.1:*** Support to SPREP in implementing the Kiwa Initiative objectives and SPREP programme and project goals.
 - ***Activity 3.2:*** Ensure the link between the Kiwa Initiative components as a common and integrated approach especially between component A and both sub-components B1 and B2.

SPREP GLOBAL BUDGET FORECAST -NOV 2020 to JUNE 2025

Code	Label or description		Global budget forecast	Five-Year Budget of the Kiwa Initiative				
	Activity or Types of expenses	Countries or Expenses details		Year 1 (Nov 2020 /March 2021)	Year 2 (April 2021/March 2022)	Year 3 (April 2022/March 2023)	Year 4 (April 2023/ March 2024)	Year 5 (April 2024/ March 2025)
<u>B1 SPREP</u>			954 545		41 912	312 966	298 734	300 933
	KRA 1 Capacities of PICS to integrate NBS consideration in response to CC adaptation and biodiversity conservation into their national and local policies...		293 000	-	1 037	95 000	98 000	98 963
	<i>Activity 1.1 Training workshops and webinars, implementation and design of activities...</i>		228 000	-	-	75 000	78 000	75 000
	<i>Activity 1.2 Promote Kiwa initiative (and participation of SPREP at regional/international levels...)</i>		55 000	-	1 037	20 000	20 000	23 963
	KRA 2 Support for the development and implementation of large projects under Component B2 of the Kiwa...(incl. feasibility studies)		162 000	-	237	64 000	48 977	48 786
	<i>Activity 2.1 Support for SPREP-led regional projects development by integrating local/regional/international partnerships...</i>		12 000	-	23	4 000	3 977	4 000
	<i>Activity 2.2 Identification, support to implementation and monitoring of PICT-led projects...</i>		150 000	-	214	60 000	45 000	44 786

KRA 3 Kiwa initiative's components are fully integrated through the technical tasks force and within SPREP related programmes and projects	67 000	-	2 059	13 000	24 257	27 684
<i>Activity 3.1 Support to SPREP in implementing the Kiwa Initiative objectives...</i>	35 000	-	1 816	5 000	12 500	15 684
<i>Activity 3.2 Ensure the link between the Kiwa Initiative components as a common and integrated approach</i>	32 000	-	243	8 000	11 757	12 000
Coordination costs: Salary / Project Development Coordinator	350 545		37 362	75 000	119 000	119 183
Administrative budget	82 000		1 217	25 625	27 500	27 658
<i>Staff</i>	<i>44 500</i>		<i>607</i>			
<i>Procurement</i>	<i>18 000</i>	/	-			
<i>Office costs</i>	<i>6 500</i>	/	<i>521</i>			
<i>Travel assistance</i>	<i>4 500</i>	/	-			
<i>External audits</i>	<i>8 000</i>	/	-			
<i>Other direct costs</i>	<i>500</i>		<i>89</i>			

Total direct costs	954 545		41 911	272 625	317 734	322 274
Indirect costs	95 455		4 191	27 263	31 773	32 227
Grand total	1 050 000		46 102	299 888	349 507	354 501



Annex A.2 Nomenclature of Findings and Misstatements

Fin- ding N°	GENERAL AUDIT FIN- DINGS	Mis- state- ment N°	MISSTATEMENTS	COMMENTS
1	Completeness of supporting documentation	1	Missing documents	All missing documents except contract related expenditure (treated separately) including: vehicle maintenance logbook, mission order and report, TOR for workshops and seminars, boarding passes, proforma invoices, contracts and purchase orders, payment cheques copies, employment contracts, payslips, attendance lists, signed payment records, workshop and seminar proceedings and reports, etc.
2	Payment-related issues	2	Payment not yet debited	Payment entered in a record but not yet debited (appears in bank reconciliation)
		3	Petty cash threshold exceeded	Applicable if there is a defined threshold and unless special derogation
		4	Petty cash expense paid by bank	Cash withdrawal not recorded in the petty cash book
		5	Discrepancy between invoice amount and amount paid	Discrepancy between paid amount and invoiced amount
3	Formal regularity, accuracy and probative value	6	Absence of stamp or signature	Project manager's stamp on invoices / payment records, "certified true & correct" stamp, report not signed by the mission members, report not validated by the project manager, timesheets not approved, delivery note (DN) not signed by project, purchase order (PO) not signed by manager, unsigned attendance list, "arrival" and "departure" stamp on mission orders, etc.
		7	Absence of mandatory information on supporting documentation	Project name on invoices, supplier contact information, mandatory statements on invoices, vehicle number on repair and fuel invoices, wording "payment", revenue stamp



		8	Arithmetic errors	Addition, multiplication, quantities per unit price
		9	Inconsistencies in the supporting documentation	Discrepancies regarding description, quantities, unit prices between PO, invoice, DN, contract; payment record and attendance list; catering expenses and attendance list, etc.
		10	Incoherence of dates	Invoice dated prior to order or contract, competing proforma dated after PO
		11	Other misstatements	Altered documents, photocopies, invoices prepared by the project on behalf of third parties, invoices from different suppliers with the same presentation and font
4	Budget implementation	12	Unauthorised budget overrun/budget reallocation	Budget overrun not in conformity with AFD rules
		13	Non-compliant use of contingency reserve	Contingency reserve used without a prior written approval
		14	Accounting/budget line error	Error on expenditure account : error of principle or budget code error
5	Other regulatory and contractual provisions	15	Expenses incurred outside the budget period	Expenditure incurred prior to signature of the agreement (apart from bank charges) or after project closure
		16	Non-compliance with regulatory provisions (AFD, national counterparty, etc.)	Allowance and per diem not compliant with official rates, salaries of contract personnel not compliant with the official pay scale, fuel reimbursed at a non-compliant km rate, contract renewed without amendment
		17	Non-compliance with the terms of contracts with third parties	Non-compliance with terms of payment or delivery schedule, late delivery penalties not applied
		18	Non-compliance with the terms of contracts with a delegator of funds or a co-financing partner	Non-compliance with expenditure eligibility criteria, contractual dates, reporting and visibility obligations ; non-compliance of tasks carried out on behalf of third parties in case of a co-financing agreement
6	Price, relevance and probative value of expenditure	19	Excessive price	reference to usual market prices, market price list, comparison with other sources (other suppliers, other projects, etc.), abnormal variations from one period to another
		20	Unjustified quantities	excessive quantities compared to the requirements, which can mask excessive unit prices (actual delivered quantities being lesser)
		21	Expenses unrelated to project	expenditure not foreseen in the agreement, expenditure unrelated to project activities, planned expenditure but physically allocated to another recipient



SPREP

Secretariat of the Pacific Regional
Environment Programme

		22	Questionable purchases at end of the project	Inability to absorb funds prior to project closure, excessive quantities, late investments, supplier not able to perform prior to project closure
7	Compliance with tax and social regulations	23	Undue VAT payment	VAT wrongfully included in invoices, except for lawful derogations (fuel, telephone, electricity)
		24	Absence of withholding tax (invoices, salaries)	Payroll deductions not applied, taxation on industrial and commercial profits not applied (varies according to national regulation), taxation on rents not applied
		25	Non-compliance with social obligations	Inappropriate basis for calculation, inappropriate social contributions rate, declarations with errors, late submission of declarations and late payments, ineligible late-filing penalties
8	Procurement procedures	26	Missing documents	Tender dossier, tender invitation letter, tenderers' bids, written record of the opening of the tenders received, evaluation report, tender award minutes, non-objection notification, service order, guarantees provided (submission and performance), statements of account of work, works acceptance report, etc.
		27	Non-compliant tendering process and contract award	Non-compliance with submission deadlines, absence of advertisement, non-compliance with procurement thresholds, lowest bidder not selected, imprecise or discriminatory evaluation criteria, unwarranted disqualification of a bid, non-compliant tender evaluation committee, absence of negotiation report (cases where there is a single offer or unsuccessful tender procedure),
		28	Non-compliant contract and execution	Absence or non-compliance of guarantees, payment of initial advance without a guarantee (when required), non-compliance with terms of payment, non-compliance with tasks/works execution schedule, late delivery penalties not applied
9	Irregularities	29	Cover bidding	Identical presentation of proformas, bids showing similarities, agreement between undertakings
		30	Expenditure splitting	Circumvention of competitive procedures by splitting orders of identical goods / supplies (that may involve several budget lines)



SPREP

Secretariat of the Pacific Regional
Environment Programme

		31	Payment without supporting documentation	Total absence of supporting documentation
		32	Forged documents	Proven production of forged supporting documentation
		33	Double invoicing	Specific order invoiced twice, invoice paid twice
		34	Fictitious services	Invoicing without completion of any services / delivery of any supplies, rendered services unsubstantiated, fraudulent estimation of the number of participants to a seminar, excessive hotel prices or excessive number of nights
		35	Other irregularities	