**Agence Française de Développement[[1]](#footnote-1)**

5 Rue Roland-Barthes

75012 PARIS

**TERMS OF REFERENCE FOR A FINANCIAL AUDIT, AML/CFT/SANCTIONS DUE DILIGENCE, INTERNAL CONTROL SYSTEM, OTHER DUE DILIGENCE, PROCUREMENT, TECHNICAL[[2]](#footnote-2)**

PROJECT ID[[3]](#footnote-3)

|  |  |
| --- | --- |
| Agreement number(s): |  |
| Entity audited: | Name of entity implementing the Project |
| Country: | Country where the Project is implemented |
| Contracting authority: | Signatory authority of the audit contract |
| Provisional signing date for the audit contract: | Contract signing date |
| Period covered: | Fiscal year(s) covered by the audit |

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|  |
| --- |
| **How to use these standard TOR**   * **Provide** the information requested highlighted in gray * **Select** or delete the optional text highlighted in yellow * **Delete** all the instructions and footnotes in red, as well as this box, in particular regarding the audit modules selected (the methodological guide can help with the selection of modules) * **The text and wording in these ToR should be adapted to the project**   **People to contact if you have any questions about these standard ToR:**   * General questions: GEP/Fiduciary Risk * AML/CFT/Sanctions due diligence in the event of suspicion of prohibited practices: DCO * Procurement: APM * Environmental and social due diligence: AES * Management of delegated funds: IOP |

# Context, objectives and scope of the audit

## Context

### Presentation of AFD

Standard presentation of AFD. The presentation below may be used, for example (taken from AFD’s presentation in 2024: [AFD Group and its Subsidiaries | AFD - Agence Française de Développement](https://www.afd.fr/en/afd-group)):

Together with its partners (governments, companies, local authorities and NGOs), AFD builds shared solutions with and for people. AFD’s teams are involved in more than 2,700 projects to promote common goods in 120 countries, in territories in crisis, and in Overseas Territories. The projects deal with [climate change](https://www.afd.fr/en/page-thematique-axe/climate) (projects aiming to be 100% in line with the Paris Agreement), [gender equality](https://www.afd.fr/en/page-thematique-axe/gender-equality), [biodiversity](https://www.afd.fr/en/page-thematique-axe/biodiversity), peace (*via* [the Minka Peace and Resilience Fund](https://www.afd.fr/en/minka-peace-and-resilience-fund)), [education](https://www.afd.fr/en/page-thematique-axe/education-and-training), and [health](https://www.afd.fr/en/page-thematique-axe/health-and-social-protection). This is how AFD Group contributes to the commitment of France and the French to the Sustainable Development Goals ([SDGs](https://www.afd.fr/en/sustainable-development-goals)), for a World in Common.

### Presentation of Project

You should provide information here that helps give an understanding of the Project and mainly its operating method:

* Short summary of the background and context of the Project: country, sector, including the support provided by the other TFPs, previous phases, where appropriate
* Description and state of progress of the Project: signing date, amount, location, any co-financing or delegations of funds, description of the components, financing plan, implementation schedule, implementation rate
* Operating method: main stakeholders, monitoring, management and control mechanism, applicable procedures (including if there is no project procedures manual)
* Fiduciary circuit: description of the payment methods set out in the agreement, bank accounts (whether or not dedicated to the project) and secondary accounts through which the funds are transferred, where appropriate, and entities authorized to transfer them

### Context of the audit

You should indicate here on what grounds this audit is being conducted: audit provided for in the financing agreement (mention the relevant clause), additional audit following an event, suspicions of prohibited practices…

These ToR will be an integral part of the contract concluded between the Contracting Authority and the auditor.

## Objectives of the audit

The objective of this audit is to allow the auditor to express a professional opinion (see section 2.2.3) on the following aspects:

* **The financial statements[[4]](#footnote-4)** of the Project present fairly, in all material respects, the actual expenditure incurred and the actual revenues collected during the period covered by the audit
* **The funds allocated** to the Project are, in all material respects, used in accordance with the terms of the financing agreement(s) and the expenditures comply with the rules of sound financial management
* **The Entity complies with** the AML/CFT/Economic and Financial Sanctions and Integrity due diligence (*i.e.*, reputational due diligence) set out in the financing agreement **(“AML/CFT/Sanctions due diligence”)** in connection with the Project

To be retained where necessary/at the discretion of the REP:

* **The internal control system[[5]](#footnote-5)** of the Entity to manage risks regarding the achievement of the Project objectives has been designed in an appropriate manner and has functioned effectively during the period covered by the audit

The objective of the audit is also to allow the auditor to assess whether:

* **The contracts** have been awarded in accordance with the rules in force and in compliance with the principles of economy, effectiveness, openness, transparency and equity, **including compliance with AML/CFT/Sanctions [and E&S**] **due diligence**[[6]](#footnote-6)
* The contracts have been performed in accordance with the **technical** specifications and the standards provided for[[7]](#footnote-7)
* The **rate of justification of the use of the previous advance** has been reached, making it possible to lift the condition precedent to the renewal of the advance[[8]](#footnote-8)

The auditor shall also make recommendations, where necessary, following their findings on the various aspects of the audit.

## Scope (or extent) of the audit

### Contractual conditions

List the main documents governing the Project management, including:

* Financing agreement(s) and, where appropriate, any delegation[[9]](#footnote-9) (of funds or contracting authority), reallocation agreement(s), partnership agreement(s), and their amendments
* Procedures manuals approved by AFD
* Budgets or program of activities subject to a “No Objection” by AFD or a validation by the Project governance bodies
* Rules applicable to contracts in the context of the projects
* Procurement plan, etc.

### Period(s) covered

Indicate the period(s) covered by the audit.

In the case of a multi-year audit, indicate all the years covered by the audit up to the deadline for the use of funds (DLUF).

### Financial data and volume

The financial data and volume of expenditure for the period covered by the audit, and estimated at the time of drafting these ToR, are as follows:

* Detailed budget of the period
* Number of bank accounts opened for the Project and/or through which the Project funds are transferred
* Amount and number of expenditures incurred over the period
* Indicative number of supporting documents corresponding to these expenditures

The items of the volume regarding the audit of the internal control system[[10]](#footnote-10) concern the following aspects:

* The number of people assigned to the Project
* The number of administrative sites concerned by the Project

The data required for the procurement audit[[11]](#footnote-11) are as follows:

* List of the contracts signed during the period audited,[[12]](#footnote-12) indicating their amount and location by type of service (works, supplies, intellectual services, service provision) and by type of bid invitation procedure (direct contracting, request for quotations, national bid invitation, international bid invitation)
* Procurement Plan in annex to these ToR, or to be sent to the auditors when it is finalized

For the technical audit:[[13]](#footnote-13) list the contracts performed in whole or in part at the completion date of the audit.

The financial data and volume shall be updated prior to each audit mission.[[14]](#footnote-14)

### Limitation to the scope of the work

The auditor shall immediately inform the Contracting Authority of any limitations to the scope of their work before or during the audit. They shall inform it of any attempt to limit the scope of the audit, or of any lack of cooperation, so that a decision can be made on the action required, the possibility of continuing the audit, or the changes required to the scope of the audit or its timetable.

In the event of problems, in particular concerning security or health issues, the auditor and Contracting Authority shall agree on the steps to be taken and adapt the scope of the work accordingly.

# Methodology and reference framework of the audit

## Conduct of the audit

### Stages of the audit

* Preparation of the mission

The auditor shall contact the Entity at the earliest opportunity (and within XX business days at the latest) following the official notification of the audit to prepare the mission and agree on its implementation schedule, in particular for the field work. They shall ascertain, through an initial request for documentation, the availability and location of:

* The final financial statements, as well as the original supporting documents or photocopies certified by the Entity
* The documentation on the contracts[[15]](#footnote-15)
* Preparatory meeting with the Contracting Authority

The purpose of this meeting is to address the following issues: planning the audit and field work, logistics and security (premises, vehicles, equipment, etc.), availability of the contact persons and making the first appointments and, where appropriate, appointment of a focal point, timetable for the preparation of the audit report, and clarification of any outstanding issues (the availability of the documents in particular).

* Opening meeting with the Entity[[16]](#footnote-16)

This meeting covers the same issues as the preparatory meeting, but is with the Entity.

The auditor shall inform the Contracting Authority about this meeting, which its representatives may also attend.

* Audit mission

The auditor conducts the due diligence indicated in point 2.3 of the ToR. Their working method shall be as participatory as possible to ensure that they obtain a maximum number of responses and supporting documents during the mission and prior to the production of the draft report.

* Aide-mémoire and closing meeting

At the end of the mission, the auditor shall draft an aide-mémoire and is required to organize a closing meeting with the Entity. The Contracting Authority’s representatives may attend.[[17]](#footnote-17) The objective of this meeting is to review the aide-mémoire and obtain the Entity’s observations on the auditor’s findings and recommendations. Where necessary, the Entity shall be requested to provide additional documents and/or information which will be included in the draft report.

* Submission of the draft report[[18]](#footnote-18)

The draft report shall be prepared within XX business days following the closing meeting. The draft report shall be sent simultaneously to the Contracting Authority, [to AFD][[19]](#footnote-19) [and to the Entity][[20]](#footnote-20) which will provide their comments.

* Comments on the draft report

The Contracting Authority, [AFD][[21]](#footnote-21) [and the Entity][[22]](#footnote-22) shall have XX business days to send their comments and any additional supporting documents to the auditor.

Once this time limit has expired, if the comments and supporting documents have not been sent, the auditor shall inform the Contracting Authority [which shall contact the Entity][[23]](#footnote-23) to agree on a solution. The Contracting Authority shall confirm in writing to the auditor any additional time limit requested.

* Final report

The auditor shall include the comments of the Contracting Authority, [of AFD][[24]](#footnote-24) [and of the Entity][[25]](#footnote-25) in the final report, as well as their final position on the findings, giving reasons for why the additional elements sent have or have not been taken into account.

The auditor shall send the final report to the Contracting Authority, [to AFD][[26]](#footnote-26) [and the Entity][[27]](#footnote-27) within XX business days after receipt of the comments, observations, and any additional supporting documents.

### Timetable of the audit

1. Annual audits

The provisional date for the start of the mission is XX. It is required to start within XX business days following the official notification.

The period between the closing meeting of the audit and the submission of the final audit report to the Contracting Authority shall not exceed XX business days.

The maximum duration of the annual audit mission is XX business days.

Example of a detailed timetable to be completed by the auditor for a mission with a maximum duration of three months:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **M1** | | | | **M2** | | | | **M3** | | | | |
|  | W1 | W2 | W3 | W4 | W1 | W2 | W3 | W4 | W1 | W2 | W3 | W4 |
| Preparation of the mission |  |  |  |  |  |  |  |  |  |  |  |  |
| Preparatory meeting with the Contracting Authority |  |  |  |  |  |  |  |  |  |  |  |  |
| Opening meeting with the Entity, where appropriate |  |  |  |  |  |  |  |  |  |  |  |  |
| Field work |  |  |  |  |  |  |  |  |  |  |  |  |
| Aide-mémoire and closing meeting |  |  |  |  |  |  |  |  |  |  |  |  |
| Submission of the draft report |  |  |  |  |  |  |  |  |  |  |  |  |
| Observations on the draft report |  |  |  |  |  |  |  |  |  |  |  |  |
| Submission of the final report |  |  |  |  |  |  |  |  |  |  |  |  |

1. Verification of the use of the funds for the renewal of advances[[28]](#footnote-28)

Upon receipt of all the supporting documents required for the renewal of the advance, the Contracting Authority requests the auditor to conduct a verification mission. To enable the renewal of the advances, the mission shall begin within XX business days following the official notification, and the report shall be submitted within XX business days after the start of the mission.

### Logistics for the mission

Indicate the logistics made available to the auditor:

* Location of the information: if travel is required (verification of documents/control of the materiality of the expenditures), the locations need to be clearly indicated
* Work premises: indicate whether the offices are secure and air-conditioned, whether there is an Internet connection, and whether there are badges and office equipment
* Vehicles in the event of travel: indicate whether the costs are borne by the Project or by the auditor
* Remote audit: in the event of a security or health crisis, or any other crisis, indicate whether the mission may be conducted remotely and how (scan of supporting documents...)

### Volume of services

The average annual volume of the services in person/days for the entire audit team is estimated at XX days.[[29]](#footnote-29)

The tendering firm shall provide details of the volumes of services for each category of expert.

### Structure and content of the report

Use of AFD’s model audit report[[30]](#footnote-30)

The use of the model audit report, provided to the auditor, is mandatory. It shall be drafted in French/English/Spanish. The findings and anomalies shall be presented in the audit report using the nomenclature indicated in Annex 4.1 and the financial findings shall be summarized using the following typology: eligible expenditures, eligible with anomalies, ineligible, not audited. Annex 4.2 shall be completed and attached to the auditor’s report in Excel format. The auditor shall ensure that this annex is consistent with the audit findings set out in the main body of the audit report.

The auditor shall submit the draft and final reports in electronic format, Word, and Excel for the annexes, as well as two original versions of the final report, on the auditor’s letter-headed paper, accompanied by a cover note. In this note, they shall confirm that two dated and signed original paper versions of the final report have been sent to the Entity.[[31]](#footnote-31)

“Draft” or “final” must be clearly marked on each version. The final report shall be signed by the associate who is responsible for the audit and its completion.

Specific case of deliverables expected for the verification of supporting documents for the renewal of advances:[[32]](#footnote-32)

For verifications of supporting documents prior to the renewal of advances, the auditor is not required to provide a report with an opinion, if the annual audit report is subsequently prepared. However, the auditor shall report on their work, referring to the following sections of the model audit report (see Annex 4.3 of the ToR):

* Section 3.1: summary table of the financial findings, the only change being to replace “Draft report” and “Final report” with “Outcome of the verification”
* Section 4.1: financial findings, indicated one by one
* Annex 4.2 of the ToR: Excel file presenting the auditor’s verifications, which shall be adapted by removing the columns for the observations received and the final findings

End of specific case

## Methodology of the audit

### Determination of the sample[[33]](#footnote-33)

The auditor may apply sampling depending on their assessment of the risks.

The determination of the sample may be revised for each fiscal year audited.[[34]](#footnote-34)

1. Financial audit of the use of the funds allocated[[35]](#footnote-35)

To ensure the representative nature of the outcome of the controls, the auditor shall audit a minimum of 65% (by amount) of the total expenditures indicated in the financial report. In the event that the ineligible expenditures exceed 10% of the total amount of the expenditures audited, their control rate shall be increased to 85%. For each budget item, 50% shall be audited and a minimum of 10% for each sub-item.

Expenditures incurred using funds transferred to the Project’s Final Beneficiaries and beneficiaries of reallocations shall be included in the scope of the audits*.*[[36]](#footnote-36)

Specific case of the sample of expenditures related to AML/CFT/Sanctions operations

In the specific cases mentioned in section 2.3.1, spot checks of compliance with the contractual undertaking regarding compliance with economic and financial sanctions shall also be included in the above-mentioned minimum sample of 65%.

The auditor may, should they deem it necessary and in accordance with their professional judgment, select operations outside the defined sample of 65%. In this case, it should be specified that the auditor will be required to conduct all the due diligence related to these expenditures (in accordance with the due diligence set out in section 2.3.3).

Finally, and if in the initially defined sample there are no operations related to cash transfers, recurrent[[37]](#footnote-37) per diems and/or economic resources with a monetizable value, the auditor shall systematically use an additional sample including this type of operation, in accordance with section 2.3.1.

Specific case of a sample audited for the verification of supporting documents for the renewal of advances[[38]](#footnote-38)

The sample of audited expenditures must enable a verification of the attainment of the rate of justification for the use of the previous advance provided for in the financing agreement (XX %).

End of specific case

1. Audit of the internal control system

Compliance tests must be conducted on the various processes for the financial and administrative management of the Project, assessed in the context of the audit of the internal control system.

The auditor shall define the scope of the compliance tests depending on the risks identified when the mission was prepared, then during the assessment of the internal control system (see section 2.3.1).

1. Procurement audit

The contracts included in the scope of the procurement audit are contracts (whether resulting from a request for quotations, a bid invitation or a direct consultation in the case of direct contracting below €40,000):

* Option A: contracts that have not been subject to an *ex ante* verification/“No Objection”;
* Option B: contracts that have not been subject to an *ex ante* verification/“No Objection”, as well as a list of contracts (indicated in the Annex) on which additional verifications are required.

Example of possible options (once either option A or B has been selected):

* Option N° 1: 100% of the contracts within this scope are audited
* Option N° 2a: Within this scope, all the contracts for an amount greater than or equal to a certain threshold depending on the type of contract
* Option N° 2b: Within this scope, XX% of the contracts (in number) and XX% (by amount) awarded following a request for quotations, all/XX% of the contracts (in number) and XX% (by amount) awarded through a Bid Invitation, and all/XX% of the contracts (in number) and XX% (by amount) awarded through direct contracting
* Option N° 3: Within this scope, XX% of the contracts in number and XX% of the contracts by amount will be audited
* Option N° 4: Detailed and limited list of the contracts to be audited

1. E&S technical audit

The determination of the sample must take the following factors into account: complexity of the work, geographical spread, technical incidents during the implementation, the fact that there is no private contracting authority, delays, service order on the suspension of works, amendments (legitimacy), ill-conceived Detailed Design, shortcomings in the technical specifications and execution plan for the works, non-compliance with E&S commitments, occurrence of major E&S events (accidents resulting in serious pollution, fatal accidents, major strikes or demonstrations, complaints...).

### Eligibility conditions

The auditor shall conduct eligibility tests and controls of the expenditures ensuring:

* Their compliance with:
  + The main documents governing the Project management set out in paragraph 1.3.1,
  + The technical standards and good practice for the performance of contracts, where appropriate
* The existence of:
  + Supporting documents by type of expenditure provided for in the procedures manual / in compliance with sound management practices in the absence of specifications in the procedures manual / in compliance with sound management practices in the absence of a procedures manual,
  + The documentation for the award of contracts and their technical implementation, where appropriate
* The conclusiveness of the supporting documents (original supporting documents, chronology of dates respected, legal notices respected, documents stamped and signed)
* The Entity’s compliance with the AML/CFT/Sanctions due diligence required by the financing agreement
* The reality and quality of outputs in the field[[39]](#footnote-39)
* That the Project has endeavored to obtain the most satisfactory value for money
* That the expenditures/contracts have been incurred/performed by the Entity during the Project implementation period defined in the financing agreement
* That the expenditures are properly recorded in the Entity’s accounts
* That the expenditures do not comprise ineligible costs (for example, certain taxes or VAT)

### Determination of the opinion

The various possible audit opinions for the financial audit, and the audit of the internal control system[[40]](#footnote-40) are **an** **unqualified** **opinion, a qualified opinion, an adverse opinion and a disclaimer of opinion**.

*N.B.*: The opinions shall take into account the outcome of the due diligence on compliance with economic and financial sanctions indicated in sections 2.3.1 and 2.3.3.

When expressing an opinion on the financial statements of the current year, auditors are now required to take into account the potential effect of a modified opinion (qualified, adverse and disclaimer of opinion) of a previous year that did not give rise to an appropriate correction or solution (ISA 710 Standard). This avoids an accumulation of unresolved findings.

### Documentation of anomalies and weaknesses identified

The list of expenditures and financial findings must be itemized using the nomenclature in Annex 4.1, in an Excel file, the model of which is attached in Annex 4.2. All the expenditures for the period covered must be listed in this file, and the anomalies observed in the audited expenditures must be commented on.

The auditor shall provide the documentation concerning the audit findings at the request of the Contracting Authority during a period of five years following the approval of the final report.

## Audit due diligence

### Audit of the internal control system - AML/CFT/Sanctions due diligence[[41]](#footnote-41)

The auditor shall conduct the following specific due diligence:

* A review of the establishment and proper functioning of the means of control to ensure compliance with the agreements regarding the fight against money laundering and terrorist financing, in particular compliance with regulations regarding economic and financial sanctions
* In this respect, a review of the existence of operational monitoring-evaluation and control structures
* Compliance tests to ensure compliance with the contractual undertakings regarding AML/CFT/Sanctions.[[42]](#footnote-42) These compliance tests consist in:

**For all counterparties financed by AFD:**

* A verification of the existence and implementation of AML/CFT/Sanctions mechanisms, policies and procedures in the context of the Project
* A verification that the counterparty complies with contractual undertakings regarding international sanctions on a sample of expenditures (sample left to the discretion of the auditor and limited to 20% if there are a large number of beneficiaries of cash transfers), for which the auditor shall justify the relevance with regard to the Project components and which shall comprise a significant proportion of cash transfers (recurrent per diems may be included)[[43]](#footnote-43)/economic resources with a monetizable value if this component exists in the Project

**When the counterparty is a CSO or a foundation,[[44]](#footnote-44) the auditor shall specifically verify:**

* That the procedural framework as described in the CSO “Compliance” questionnaire is duly complied with and that the procedures and measures described in the “Project” questionnaire are duly complied with. If the control is not satisfactory, the auditor shall make recommendations on how to improve the quality of the processes
* Through compliance tests, compliance with contractual undertakings regarding international sanctions on a sample of expenditures (sample left to the discretion of the auditor and limited to 20% if there are a large number of beneficiaries of cash transfers) for which the auditor shall justify the relevance with regard to the Project components

Option to be deleted for projects that do not comprise AFD financing for cash transfers and/or economic resources with an economically exploitable value. Start of the option

* If the Project comes under a humanitarian exemption or, by way of exception, does not require the screening of the beneficiaries of these flows and/or these assets, or if the Project has benefited from an exemption due to alternative measures to the screening provided for, the auditor shall verify that the Project duly fits in with the framework set out in the Explanatory Note on the Supervision Mechanism for the Risk of Financial Sanctions Violations in Financing NGO projects[[45]](#footnote-45)
* If the Project cannot benefit from exemptions or derogations to the screening and comprises cash transfers/the provision of economic resources, the auditor shall verify compliance with the contractual undertaking that no funds shall be provided to blacklisted individuals in the context of the Project (through the counterparty screening the recipients), by all appropriate means which may include conducting their own screening, based on a significant sample (which may not exceed 20% when there are a large number of beneficiaries of cash transfers)

End of the option.

### Audit of the internal control system[[46]](#footnote-46)

The auditor shall adapt the scope of their review of the design and functioning of the internal control system depending on their prior knowledge of the Entity.

* Document review

The auditor shall in particular review:

* The financing agreement(s), agreements and memorandums of understanding with the partners, contracts, technical and financial implementation reports, activity programs and budgets, the procedures manual,[[47]](#footnote-47) and any other existing documents
* The organization established for administrative, technical and financial management, as well as its reliability and appropriateness with regard to procedures and both human and material resources
* Review of the internal control system

The auditor shall verify the reliability and appropriateness of the internal control system, as well as the reality and effectiveness of its functioning, in particular with regard to:

**The organization**put in place:

* Definition of tasks and assignment of responsibilities, in particular with regard to commitments, authorizations, the certification of services performed, and payments
* Segregation of incompatible or conflictual tasks

**The procedures** established:

* Existence of specific and documented procedures for the justification of expenditures
* Opening of separate cash accounts for funds depending on their origin, as well as the establishment of procedures to control cash accounts[[48]](#footnote-48)
* Compliance with applicable procedures for the selection of suppliers and recruitment of service providers and consultants (consultation documents, evaluation documents on bids or candidates and record of the selection)

**Archiving** and the obligation of accountability and, in this respect:

* The organization, filing and securing of documents, including financial and contract documents
* The regular and timely production of financial statements and technical and financial implementation reports, etc.

**Specific controls**, including a review of the establishment and proper functioning of the means for detecting cases of duplicate financing for the same expenditure by several donors.

* Risk assessment

The previous stage enables the auditor to assess the risks separately for each source of information based on **seven criteria: completeness, reality, evaluation, allocation, rights, obligations and information**.

The auditor shall assess the main risks related to the achievement of the Project’s objectives, in particular the risk of the funds allocated to the Project not being used in accordance with the applicable contractual conditions, as well as the risk of error, irregularity and fraud in the Project financing.

The auditor shall also assess whether the design of the internal control system sufficiently mitigates these risks and whether the system functions effectively.

### Control of financial statements and use of the funds allocated

1. Verification of financial statements

The auditor shall conduct the due diligence required to verify that the resources received and used by the Project are effectively shown in complete, sincere and properly established financial statements. In this respect, they shall:

* Ensure that the Project financial statements have been established in accordance with the specifications set out in the financing agreement and in the Project procedures manual[[49]](#footnote-49) (for example, accrual or cash-based accounting)
* Ensure that the financial statements present fairly, in all material respects, the actual expenditures incurred and the actual revenues received by the Project during the period audited, in accordance with the applicable contractual conditions
* Ensure that the financial statements are consistent with the other accounting documents, including the balance and account books in general
* Ensure that the financial statements are consistent with the technical and financial implementation reports sent to AFD, and any other financial or regulatory report established in the context of the Project
* Review regularizations conducted during the closing process for the financial statements
* Reconcile the financial statements with the cash position and/or the bank accounts, including through direct confirmation with the banks holding the accounts[[50]](#footnote-50)
* Verify, where appropriate, the accuracy of the exchange rates used for the currency conversions, as well as their compliance with the terms of the financing agreement
* Verify, where appropriate, the procedures used to control the funds sent to other entities participating in the implementation of activities

The auditor may decide to request written statements, included in a letter of representation (a model letter of representation, taken from the ISA 580 Standard, is given in Annex 4.4, the auditor shall verify that the ISA 580 Standard has not modified this model) signed by the member(s) of Senior Management who is/are the main manager(s) of the Entity (ISA 580 Standard). The objective of this process is to obtain evidence that the Senior Management discharges its responsibilities with regard to the management of the Project and its reporting.

1. Verification of the use of funds

The objective of this due diligence is to ensure that:

* The funds allocated to the Project by AFD have, in all material respects during the period audited, been used in accordance with the applicable contractual conditions
* The statement of assets gives a fair and exhaustive presentation of the assets (number, description and value of the assets) acquired for the Project during the period audited, in accordance with the contractual conditions and the information set out in the financial report

The auditor’s work covers:

* The control of compliance with accounting principles and specific rules
* A verification of the conformity of the expenditures with the activities agreed to in the financing agreement, the activity program and the procedures manual,[[51]](#footnote-51) and their consistency with the technical and financial implementation reports
* A verification that the expenditures have been incurred during the implementation period for the Project audited
* A verification that the expenditures have been authorized in accordance with the Project management rules, and that they are substantiated by true and fair supporting documents
* Sample checks of the physical reality of the goods acquired by the Project[[52]](#footnote-52)
* Sample checks of compliance with the contractual undertaking with regard to compliance with economic and financial sanctions in the specific cases provided for in section 2.3.1. In the event of non-compliance with this undertaking by the Entity, the auditor is required, at the stage of the draft report, to consider the expenditure relating to the operation reviewed as ineligible.[[53]](#footnote-53) However, if the Entity is then able to fulfil these undertakings, the corresponding expenditures shall be reclassified as eligible expenditures with anomalies in the final audit report
* A verification of the regularization by the Project, over the period audited, of the expenditures previously invalidated for an earlier period

When an expenditure is connected to a contract, the audit shall be limited to the requirements set out in paragraph 2.3.2. The financial audit shall not include the verification of the compliance of the expenditure with the procurement requirements (this verification is only conducted when a procurement audit is also planned).

1. Verification of the use of funds prior to the renewal of advances[[54]](#footnote-54)

In the case of a renewal of advances, the auditor implements the due diligence set out in the previous paragraph “Verification of the use of funds” (annual audit).

In addition, the auditor shall certify that the rate of justification for the advance provided for in the financing agreement has been reached in order to enable its renewal.

1. Analytical and budget control procedures

The auditor shall conduct an analytical control of the expenditures to verify whether:

* The budget presented in the technical and financial implementation reports corresponds to the budget in the financing agreement and/or has been approved by the Project governance bodies and/or has been subject to AFD’s “No Objection”
* The expenditures declared in the technical and financial implementation reports were planned in the components and sub-components of the budget
* Any amendments to the budget have been approved by the Project governance bodies and/or have been subject to AFD’s “No Objection” and/or have been formalized by an amendment to the financing agreement
* The Project implementation rate is consistent with the implementation schedule for the activities. The auditor shall review any discrepancies and obtain explanations concerning any over-consumption or under-consumption of the budget

### Audit of direct payments by AFD[[55]](#footnote-55)

In addition to the due diligence set out in 2.3.2.b above, for direct payments, the auditor shall verify:

* The effectiveness of the outputs and services, as well as their compliance with the terms of the contract awarded
* For fixed-price technical assistance contracts, the consistency between the costs actually incurred by the service provider and those budgeted and included in the contract

### Procurement audit[[56]](#footnote-56)

Procurement covers the process for the award of contracts following a bid invitation (with or without pre-selection), a request for quotations, or a direct consultation (direct contracting).

The auditor shall verify the compliance of the entire process and all the procurement documents.[[57]](#footnote-57) The compliance of the process and the procurement documents shall be assessed in relation to the undertakings given in the Financing Agreement **(referring to the Procurement Guidelines,**[[58]](#footnote-58) **with certain possible adjustments to these undertakings)**.[[59]](#footnote-59)

Where appropriate, and more specifically, they shall review the following aspects:

* Review of the procurement framework (actors, regulations and procedures)
* The functioning of the bodies and the qualifications of the actors responsible for procurement. In particular, the existence of a mechanism to ensure compliance with local regulations and AFD’s additional requirements in terms of procurement and quality control (dedicated team, document review system, etc.)
* The organization between the procurement unit and the ordering department to ensure the quality of the identification and the expression of technical requirements
* The mechanisms to prevent and detect prohibited practices
* Compliance with the timelines for approval and validation provided for in the laws and regulations applicable to the Entity audited
* The compliance and reliability of the filing and archiving system for the documentation
* Compliance with procurement planning
* Compliance of contracts with the Procurement Plan and budgets (subject matter of contracts, allotment, implementation schedule and budget allocations)
* Consultation/competitive bidding (the entire consultation process), and for each contract
* The choice of the type of consultation and the selection method, in particular with regard to the aspects set out in the Procurement Plan
* The content of the procurement documents and their consistency with the need and the type of contract, as well as their completeness with regard to the requirements of the Financing Agreement (and the Procurement Guidelines, where appropriate). The review shall specifically focus on the evaluation criteria, the award procedures, the contract terms, including the remuneration arrangements, etc.
* The advertising procedures (the media used, appropriate distribution, etc.), the submission deadlines applied, as well as the organization of the submission and opening of bids with regard to the requirements set out in the procurement documents
* For direct contracting:
  + Compliance of the justifications provided with applicable regulations and the Financing Agreement, with authorizations obtained from the competent bodies
  + Whether the procurement process has been respected (letter of invitation to tender, technical specifications, contract terms, etc.) in accordance with the Financing Agreement (and the Procurement Guidelines, where appropriate)
* Evaluation
* The consistency between the records of the opening of bids, the evaluation reports, the records of the awards, the award notifications and the contracts awarded
* The establishment of an Evaluation Committee in accordance with the Financing Agreement (and the Procurement Guidelines, where appropriate)
* The implementation of an evaluation and award process in accordance with the criteria defined in the procurement documents. This assessment shall cover both the administrative aspects and the technical and financial aspects. The justification and grounds for the rejection of applications, bids, proposals and quotations shall also be reviewed
* The objectivity and transparency of the technical and financial evaluation (with regard to the criteria defined in advance, the consistency between the comments made and the scoring, the consistency between the evaluations/scores and the applications, bids, proposals and quotations actually received, according to the compliant and qualified best and lowest bidder rule, as specified in the procurement documents and consistent with the quality of the bids)
* Whether reasonable economic conditions have been obtained, in particular by comparing unit prices with those of similar contracts
* Detection of cases (proven or suspected) of distortion or breach of competition (collusion/cartel, undue advantage, etc.)
* Award and contract procedures
* Contract award during the bid validity period
* Regularity of the contractual clauses of the basic contract, whether it corresponds to the draft contract used for the consultation
* The consistency between the technical specifications of the procurement documents and those attached to the contracts signed
* The acceptability of any amendments to the specific conditions of the contract (timetable, place of arbitration, taxes, duties, etc.) made with the successful bidder, or the acceptability of any possible negotiations. It will in particular be necessary to ensure that there were no major amendments that call into question the initial ranking of the bids or proposals
* The existence of conclusive guarantees
* The presence of the signed Statement of Integrity
* Performance of contracts (where appropriate)
* The legality of amendments and modifications during the contract period, in terms of both price and technical opportunity, and compliance with the limit set out in the applicable regulations, and ensuring that they are endorsed by administrative orders issued by authorized persons (project manager, control missions, etc.)
* Contracts subject to AFD’s “No Objection”[[60]](#footnote-60)

For contracts subject to AFD’s “No Objection”, as set out in the Procurement Plan for which AFD issued a “No Objection”, the auditor is requested to verify whether the “No Objections” provided for have been requested and issued. If this is not the case, the same audit due diligence shall be applied to these contracts as for contracts not subject to AFD’s “No Objection”.

* AML/CFT/Sanctions due diligence
* The auditor shall verify that the Contracting Authority conducted the due diligence on the fight against money laundering and terrorist financing (AML/CFT/Sanctions) at the very beginning of the procurement process (*i.e.*, at the opening of bids for competitive bids and when the shortlist was established for restricted competitive bidding). In this respect, the auditor shall in particular ensure that the Contracting Authority has verified that the successful bidders are not on the lists of financial sanctions adopted by the United Nations, the European Union and France*.* Indeed, if a successful bidder is on one of these lists, the corresponding contract expenditures will be ineligible
* If the Contracting Authority has carried out the verifications, the auditor shall ensure the effectiveness and relevance of the consideration given to not only the outcome of the due diligence conducted by the Contracting Authority, but also the resulting consequences
* If this verification has not been made, in the draft report, the auditor shall declare as ineligible the expenditures for the contracts that have not been subject to these verifications
* However, upon receipt of the draft report, if the Entity is able to verify that the successful bidders were not on the lists of financial sanctions, the corresponding expenditures shall be reclassified as eligible expenditures in the final audit report, subject to due consideration of the due diligence conducted and its consequences
* If, however, the Entity is unable to demonstrate that it conducted verifications *a posteriori*, the expenditures shall be considered as ineligible
* *N.B.*: When the counterparty is a CSO:[[61]](#footnote-61)
  + Amendments to the Procurement Plan for contract lines below €40,000 are not subject to a “No Objection”, except in the case of substantial amendments
* For contracts below €20,000, the following are not required:
  + The Statement of Integrity (Appendix 1 of the Guidelines)
  + The ESHS Statement of Commitment (Appendix 3 of the Guidelines) and the Security Statement of Commitment (Appendix 4 of the Guidelines)
  + Their mention in the Procurement Plan. In such case, the audit of expenditures shall verify that (i) these contracts have been awarded in accordance with the procedures of the CSO, and (ii) these contracts do not result from a division for the purpose of artificially reducing contract prices to fall below the thresholds of the above-mentioned Guidelines
* ESHS clauses[[62]](#footnote-62) in bidding documents for works[[63]](#footnote-63)
* The inclusion in the bidding documents of the E&S documents available (E&S Impact Assessment, E&S Management Plan, Resettlement Action Plan…), and in particular with regard to:
  + - The ESHS measures resulting from the E&S Management Plan concerning the project design (measures included in the technical specifications and works plans) and the management of sites (ESHS specifications for works)
    - ESHS qualification criteria, an ESHS price schedule and sanctions clauses in the event of non-compliance with the ESHS measures
    - A signed ESHS Statement of Commitment for National Bid Invitations and Requests for Quotations
* Security due diligence in the bidding documents (in the case of orange or red zones)
  + - For the security due diligence, a signed ESHS Statement of Commitment for National Bid Invitations and Requests for Quotations at the very minimum
* Case of refinancing of contracts[[64]](#footnote-64)

In the case of refinancing (contracts for which the contracting process has already been engaged or signed by the Contracting Authority, without the prior involvement of AFD), the auditor shall also verify the previous due diligence with regard to the procedures applicable to the beneficiary and international good practices:

* The existence of duly signed Statements of Integrity and Statements for Contracts to be Refinanced (Appendix I and II of the Guidelines)
* The absence of claims, appeals, complaints and/or litigation concerning the procurement process and, in the event of claims, appeals, complaints and/or litigation, verify whether the Contracting Authority has addressed them in a satisfactory manner

The auditor shall collect the documents certifying that this due diligence has been conducted (existence and handling of complaints) and a paragraph providing information about it shall be included in the audit report.

*N.B.*: The case of refinancing also covers the case of framework agreements that existed prior to the signing of the Financing Agreement. Indeed, for expenditures incurred on purchase orders or subsequent contracts signed on the basis of pre-existing framework agreements to be considered eligible, the auditor will need to verify all the aforementioned due diligence.

### Technical[[65]](#footnote-65) and E&S[[66]](#footnote-66) audit

The auditor shall verify the following aspects:

* The appropriateness of the technical specifications and requirements set out in the bidding documents, in particular with regard to the nature of the services/works
* The compliance of the technical requirements set out in the bidding documents, the technical bid, the contract (and its amendments) and the timetable for the works
* The existence and quality of the documentation on the technical monitoring of the operations (site logs, visit reports, etc.)
* The effectiveness of the services/works and supplies or equipment (reality, quality, and compliance with the contractual conditions)
* The compliance of the attachments, statements/invoices and all technical documents (including site logs) with the technical progress of the works
* The reasonableness of the prices, in particular in the event of modifications to the substance of the services/works and supplies or equipment (through a service order and/or amendment)
* Compliance with the implementation program (timeframe, compliance of services, logical sequencing of the work, etc.)
* The implementation of ESHS measures and compliance with the ESHS commitments, in particular under the E&S Commitment Plan (ESCP) and ESHS documents (E&S Impact Assessment, E&S Management Plan, Resettlement Action Plan…)[[67]](#footnote-67)
* The technical justification of the amendments and service orders
* The identification of delays in the performance of works and a verification of the application of any penalties
* Compliance with the contractual obligations of each party, thus preventing risks of litigation or dispute
* An assessment of the overall quality of the organization of works/services and supplies or equipment, in particular concerning the control and supervision of their implementation/delivery by the Project, the technical services of the administration and/or the control and supervision offices

### Follow-up of recommendations from previous audits

The auditor shall review the recommendations set out in the previous audit reports, assess to what extent they have been applied and, where necessary, reassess their level of priority. Should it be found that these recommendations have not been applied, the auditor shall seek to find out the causes and propose solutions to regularize the situation.

# Professional obligations

## Standards and ethics

### Professional standards to be applied

The auditor shall take account of the various guidelines applicable to the preparation of financial audit reports. However, **the required audit due diligence and the content of the audit report shall meet the requirements set out in these Terms of Reference**.

Regarding the application of ISA Standards, particular attention shall be paid to the following aspects:

* **Prohibited practices:** In accordance with the **ISA 240** Standard (Consideration of the risk of fraud and error in the auditing of accounts), it is important to identify and assess the risks of fraud, obtain or provide sufficient audit evidence for the analysis of these risks, and handle identified or suspected fraud appropriately
* **Laws and Regulations:** In the preparation of the audit approach and performance of the audit procedures, the Project’s compliance with the laws and regulations that could potentially have a significant impact on the financial statements, as required by the **ISA 250** Standard(Consideration of the risk of misstatements in the accounts arising from non-compliance with the legal and regulatory texts), shall be assessed
* **Governance:** Communication with the Project managers responsible for Governance on the significant audit points in compliance with the **ISA 260** Standard (Communication of audit matters with those charged with Governance)
* **Risks:** In order to reduce the audit risks to a relatively low level, appropriate audit procedures shall be applied in response to risks of misstatement identified following the evaluation of the internal control system, in compliance with the **ISA 330** Standard(Audit procedures implemented by the auditor following their risk assessment)

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

* A sufficient and appropriate record of the work on which their audit report is based; and
* Information demonstrating that the audit has been planned and conducted in accordance with ISA Standards and in compliance with applicable legal and regulatory requirements

Audit documentation refers to the presentation of the audit procedures carried out, the relevant evidence collected, and the auditor’s findings.

Audit file refers to one or several files or another form of storage, in physical or electronic form, containing the documentation concerning a specific mission.

### Ethics and independence

The auditor shall respect the IFAC International Code of Ethics for Professional Accountants, prepared and published by the IFAC International Ethics Standards Board for Accountants.

This Code outlines the fundamental ethical principles for auditors regarding integrity, objectivity, independence, professional competence and due care, confidentiality, professional behavior, and technical standards.

## Requirements concerning the auditor

### Professional affiliation of the auditor

By accepting the present ToR, the auditor confirms that they fulfil at least one of the following conditions:

* They are a member of a national accounting or audit body or institute, which is itself a member of the International Federation of Accountants (IFAC); or
* They are a member of a national accounting or audit body or institute. While the entity is not a member of IFAC, the auditor undertakes to conduct this financial audit in accordance with IFAC standards and the ethics set out in the present ToR.

### Qualifications and experience of the auditor and mission team

The auditor is backed up by a team with appropriate professional qualifications and experience in line with IFAC standards, in particular international audit standards, as well as experience in auditing the accounts of projects comparable in size and complexity to those of the Entity in question. In addition, the entire audit team shall have:

* Experience in auditing development assistance programs and projects financed by national and/or international institutions and/or donors
* Experience in procurement audits and technical audits[[68]](#footnote-68)
* Adequate knowledge of the relevant laws, regulations and standards in the country concerned would be an asset. This includes regulations on taxation, social security and employment, accounting and accounting information systems
* Accredited knowledge of procurement requirements and Guidelines (this expertise needs to be demonstrated, in particular through a certificate obtained following the e-learning modules on procurement for AFD-financed contracts)[[69]](#footnote-69)
* A perfect command of French (or another official language of the country)
* Experience in audits in the sector of activity of the Project

### Team profiles

#### Key experts

The experts who will play an important role in the mission are referred to by the term “key experts”.

**Category 1 – (signatory associate)**

An expert in this category must be an associate or another person in a similar position. They must be a highly qualified expert with relevant professional qualifications, and have or have had responsibilities as head of mission and audit director in the field of financial auditing.

They must be a member of a national or international accounting or audit body or institution. They must have **a minimum of 10 years of professional experience** as an auditor or professional accountant in the field of auditing projects financed by international donors.

The signatory associate is the person responsible for the specific contract and its performance, as well as the report established on behalf of the firm.

**Category 2 – (*e.g.*, mission director)**

A mission director is a qualified expert with a university degree or a relevant professional qualification in accounting and/or auditing, procurement, auditing and/or controlling works.[[70]](#footnote-70) They must have **a minimum of** **8 years of professional experience** as a qualified auditor in the field of auditing projects financed by international donors. They must have successful experience in managing audit teams.

**Category 3 – (*e.g.*, mission leader)**

Mission leaders must be qualified experts with a university degree or a relevant professional qualification in accounting and/or auditing, procurement, auditing and/or controlling works.[[71]](#footnote-71) They must have **a minimum of** **5 years of professional experience** as a qualified auditor in the field of auditing projects financed by international donors.

**Category 4 – (*e.g.*, senior/experienced auditor)**

Senior auditors must be qualified experts with a university degree or a relevant professional qualification in accounting and/or auditing, procurement, auditing and/or controlling works.[[72]](#footnote-72) They must have **a minimum of** **3 years of professional experience** as a qualified auditor in the field of auditing projects financed by international donors.

#### Non-key experts

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

Assistant auditors must have a university degree in accounting and/or auditing, procurement, auditing and/or controlling works.[[73]](#footnote-73) They must have **a minimum of** **1 year of professional experience** as a qualified auditor in the field of auditing projects financed by international donors.

#### Support staff and technical assistance

Auditors are free to propose other support in their bids (administrative and/or technical). The cost of such support shall be included in the experts’ fees.

### Resumé

The auditor shall provide the resumés of all the experts (key and non-key) proposed as members of the team. The resumés shall contain information regarding the types of audit conducted by the members of the team, attesting to their skills and their ability to conduct the audit, as well as detailed information concerning any relevant specific experience.

### Composition of the audit team

The audit firm shall present the audit team by category of expert, for example, in the format of the table below:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Cat. 1: Associate** | **Cat. 2: Mission director** | **Cat. 3: Mission leader** | **Cat. 4: Senior auditor** | **Cat. 5: Assistant auditor** | **TOTAL** |
| Minimum n° of auditors |  |  |  |  |  |  |
| Other staff (technical or PM) |  |  |  |  |  |  |
| **TOTAL** |  |  |  |  |  |  |

# Annexes

## Nomenclature of findings and anomalies

## List of expenditures and findings (model)

## [AFD-M0134 Model Audit Report](https://rome.afd.fr/TWA/tdwv/#/document/6392128) 2025**[[74]](#footnote-74)**

## Model Letter of Representation

## List of contracts awarded**[[75]](#footnote-75)**

## AFD Explanatory Note on the CSO Screening Mechanism**[[76]](#footnote-76)**

## AFD Explanatory Note on per diems

1. Delete the AFD logo and address if AFD is not the Contracting Authority. [↑](#footnote-ref-1)
2. Only retain the modules to be included in the audit. [↑](#footnote-ref-2)
3. In the case of a Program, replace “Project” by “Program” throughout the document. [↑](#footnote-ref-3)
4. The generic term “financial statements” of the Project is used regardless of the format used by the Entity: balance sheet and profit and loss account, situation of budgetary implementation, supply-use table, cash flows, etc. [↑](#footnote-ref-4)
5. To be deleted if there is no audit of the internal control system. [↑](#footnote-ref-5)
6. To be deleted if there is no procurement audit. [↑](#footnote-ref-6)
7. To be deleted if there is no technical audit. [↑](#footnote-ref-7)
8. To be deleted if the option of an audit of the supporting documents prior to the renewal of the advance is not included. [↑](#footnote-ref-8)
9. In the case of delegated financing (in particular by the EU), indicate here the references of the Delegation Agreement signed between AFD and the delegating authority. [↑](#footnote-ref-9)
10. To be deleted if there is no audit of the internal control system. [↑](#footnote-ref-10)
11. To be deleted if there is no procurement audit. [↑](#footnote-ref-11)
12. If deemed necessary by the REP, the possibility of including contracts signed after the period audited but for which the procurement was conducted during the period audited. In this case, provide the list of these unsigned contracts to be included in the audit, as well as the state of advancement of the procedure. [↑](#footnote-ref-12)
13. To be deleted if there is no technical audit. [↑](#footnote-ref-13)
14. To be deleted in the case of a single audit. [↑](#footnote-ref-14)
15. To be deleted if there is no procurement audit. [↑](#footnote-ref-15)
16. To be deleted if the Contracting Authority is also the Entity audited. [↑](#footnote-ref-16)
17. To be deleted if the Contracting Authority is also the Entity audited. [↑](#footnote-ref-17)
18. The project team may adapt the communication loop.  [↑](#footnote-ref-18)
19. To be deleted if AFD is the Contracting Authority. [↑](#footnote-ref-19)
20. To be deleted if the Contracting Authority is also the Entity audited. [↑](#footnote-ref-20)
21. To be deleted if AFD is the Contracting Authority. [↑](#footnote-ref-21)
22. To be deleted if the Contracting Authority is also the Entity audited. [↑](#footnote-ref-22)
23. To be deleted if the Contracting Authority is also the Entity audited. [↑](#footnote-ref-23)
24. To be deleted if AFD is the Contracting Authority. [↑](#footnote-ref-24)
25. To be deleted if the Contracting Authority is also the Entity audited. [↑](#footnote-ref-25)
26. To be deleted if AFD is the Contracting Authority. [↑](#footnote-ref-26)
27. To be deleted if the Contracting Authority is also the Entity audited. [↑](#footnote-ref-27)
28. To be left if the project team retains this option. [↑](#footnote-ref-28)
29. The number of days of expertise is given on an indicative basis and shall not be the basis for the payment in the case of fixed-price contracts. [↑](#footnote-ref-29)
30. See Annex 4.3. [↑](#footnote-ref-30)
31. To be deleted if the Contracting Authority is also the Entity audited. [↑](#footnote-ref-31)
32. Paragraph to be deleted if the auditor is not requested to carry out this verification, up to and including “End of specific case”. [↑](#footnote-ref-32)
33. Delete the paragraphs regarding the modules not retained in §1.2. [↑](#footnote-ref-33)
34. To be deleted if the audit contract is not multi-year. [↑](#footnote-ref-34)
35. This minimum audit sample of expenditures may be increased depending on the risk assessment. For example, a full audit (audit of 100% of the expenditures) may be requested, or it may be specified that certain budget items must be fully covered by the audit. [↑](#footnote-ref-35)
36. To be deleted if not applicable (no reallocation, consortium of CSOs, etc.). [↑](#footnote-ref-36)
37. See footnote 43 [↑](#footnote-ref-37)
38. Paragraph to be deleted up to and including “End of specific case” if the auditor is not requested to carry out this verification. [↑](#footnote-ref-38)
39. Only applicable to a technical audit. [↑](#footnote-ref-39)
40. To be deleted if there is no audit of the internal control system. [↑](#footnote-ref-40)
41. Mandatory module. [↑](#footnote-ref-41)
42. On an indicative basis only. It should be noted that compliance with regulations regarding targeted financial sanctions adopted by the United Nations, the European Union and France can be verified by consulting the following link: <https://gels-avoirs.dgtresor.gouv.fr/List>. Regarding compliance with economic sanctions, and where appropriate, the compliance test may, for example, consist in the establishment of a sample of the goods used in the context of the Project implementation and a verification of whether these goods have been acquired in breach of the relevant sanctions regulations by obtaining an invoice of the goods acquired, the certificate of origin, etc. [↑](#footnote-ref-42)
43. Recurrent per diem refers to the payment to the same person of an allowance or expenses more than five times a year throughout the Project lifespan. For example, for a 3-year project, the same person must have received an allowance/expenses more than 15 times throughout the Project lifespan. On the other hand, occasional per diems, i.e. payments made to the same person less than 5 times a year over the life of the project, may be exempt from screening. This distinction between recurrent and occasional per diems applies from June 24, 2024, and before this date all per diems must be screened regardless of their frequency. For further information, see the attached AFD explanatory note on per diems. [↑](#footnote-ref-43)
44. To be deleted if the counterparty is not a CSO or foundation. This section applies only to projects approved by a COSUB/CCR from January 2024 onwards. [↑](#footnote-ref-44)
45. Where appropriate, include in the Annex: AFD’s Explanatory Note on the CSO Screening Mechanism [↑](#footnote-ref-45)
46. To be deleted if there is no audit of the internal control system, apart from the AML/CFT/Sanctions due diligence covered by the mandatory due diligence mentioned in 2.3.1. [↑](#footnote-ref-46)
47. To be deleted if there is no procedures manual. [↑](#footnote-ref-47)
48. To be deleted if there is no account dedicated to the Project. [↑](#footnote-ref-48)
49. To be deleted if there is no procedures manual. [↑](#footnote-ref-49)
50. To be deleted if there is no dedicated account. [↑](#footnote-ref-50)
51. To be deleted if there is no procedures manual. [↑](#footnote-ref-51)
52. This due diligence only applies to an on-site audit where the goods are easy to identify. [↑](#footnote-ref-52)
53. This automaticity between the AML/CFT/Sanctions and the ineligibility does not exempt the auditor from conducting their other due diligence on the expenditures. It should be noted that the screening is conducted at the date when the ineligible expenditure is detected. The auditor shall specify, in the final report, the date at which the screening was conducted. [↑](#footnote-ref-53)
54. To be deleted if an auditor is not required for a verification of the supporting documents for the renewal of advances. [↑](#footnote-ref-54)
55. To be deleted if the AFD project team considers that this due diligence is not necessary. [↑](#footnote-ref-55)
56. To be deleted if there is no procurement audit. [↑](#footnote-ref-56)
57. All the documents and any addenda to them regarding the consultation process for service providers differ depending on the type of consultation: Bid Invitation Notice, Calls for Expressions of Interest, Pre-qualification documents, Initial Selection documents, Requests for Quotations, Bidding Documents, Requests for Proposals, Letters of Invitation to Tender. [↑](#footnote-ref-57)
58. The auditor shall be required to consult the applicable version of the Guidelines, referenced in the Financing Agreement. As procurement requirements may differ depending on the version, the auditor will need to adapt the content of the verifications according to the Guidelines in force applicable to the Project audited. [↑](#footnote-ref-58)
59. Delete these brackets if the Financing Agreement does not provide for the application of the Procurement Guidelines. [↑](#footnote-ref-59)
60. To be deleted if none of the contracts are subject to a “No Objection”. [↑](#footnote-ref-60)
61. To be deleted if the counterparty is not a CSO. [↑](#footnote-ref-61)
62. ESHS: Environmental, Social, Health and Safety. [↑](#footnote-ref-62)
63. To be deleted if there are no works contracts and ESHS issues. [↑](#footnote-ref-63)
64. To be deleted if an audit of the refinancing of expenditures is not included in the scope of the audit. [↑](#footnote-ref-64)
65. To be deleted if the technical audit is not included in the scope of the audit. [↑](#footnote-ref-65)
66. To be deleted if E&S issues are not included in the technical audit. [↑](#footnote-ref-66)
67. To be deleted if E&S issues are not included in the technical audit. [↑](#footnote-ref-67)
68. To be retained only in the case of a procurement audit and technical audit. In the case of an E&S audit in the technical audit, contact AES to specify the type of expertise required. [↑](#footnote-ref-68)
69. https://mooc-campus.afd.fr/login/index.php?lang=en [↑](#footnote-ref-69)
70. To be adapted depending on the type of audit concerned. [↑](#footnote-ref-70)
71. To be adapted depending on the type of audit concerned. [↑](#footnote-ref-71)
72. To be adapted depending on the type of audit concerned. [↑](#footnote-ref-72)
73. To be adapted depending on the type of audit concerned. [↑](#footnote-ref-73)
74. Model report to be adapted depending on the type of audit concerned. [↑](#footnote-ref-74)
75. In the case of a procurement audit, the Contracting Authority provides the auditor with the list of contracts. [↑](#footnote-ref-75)
76. Only when the counterparty is a CSO or foundation: Annex AFD’s Explanatory Note on the Supervision Mechanism for the Risk of Financial Sanctions Violations in Financing NGO Projects (see 2.3.1.a). [↑](#footnote-ref-76)