**[DRAFT or FINAL] REPORT**

**date**(signing date of Final Report;

or submission date of Draft Report)

**AUDIT [FINANCIAL, AML/CFT/SANCTIONS DUE DILIGENCE, OF THE INTERNAL CONTROL SYSTEM, PROCUREMENT, TECHNICAL]**

PROJECT ID

|  |  |
| --- | --- |
| Entity audited: | Name of Entity implementing the Project |
| Country: | Country where the Project is implemented |
| Contracting Authority: | Signing authority: AFD or national Contracting Authority |
| Reference of audit contract: | Indicate the reference |
| Dates of previous audit reports: | Indicate the dates, if applicable |
| Auditor: | Audit firm responsible for the audit |
| Period covered by the audit: | from date to date |
| Dates of audit field work: | from date to date |
| Project progress: | Indicate whether it is ongoing or completed |
| Date of draft report: | Indicate only in the final report |
| Date of Contracting Authority’s response: | Indicate in the final report |

**AUDITOR’S LETTERHEAD**

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| **How to use this model report**   * In sections 2.4, 3 and 4, delete the paragraphs on the audit modules not retained in the ToR * **Fill in** the information highlighted in gray * **Select** or delete the text between [ ] highlighted in yellow * **Delete** all the examples in red and highlighted in yellow * **Delete** all the instructions and footnotes in red * **Delete this box and the next two boxes** on guidelinesconcerning audit opinions **before the audit report is issued** |

**GUIDELINES ON THE OPINIONS**

**OF THE FINANCIAL AUDIT**

If the **cumulative effect** (percentage of the total expenditures declared for the Project) of the financial findings is **below** the materiality threshold (usually **2%**), the auditor shall express an **unqualified opinion**. A paragraph of observations may be added to draw attention to the financial findings <2%, where appropriate.

If the cumulative effect(percentage of the total expenditures declared for the Project) of the financial findings is **above** the materiality threshold (usually **2%**), the auditor shall **at a minimum** express a **qualified opinion**. The auditor shall determine, on a **case-by-case basis**, and based on their professional judgment, whether it is appropriate to express an **adverse opinion** **or a disclaimer of opinion**.

* The opinion mainly depends on the importance of each type of finding, and the existence of limitations in the scope of the work. **In the event of limitations in the scope of the work,** the auditor shall assess the resulting uncertainty and its potential impact on the eligibility of the expenditures declared, and decide whether it is appropriate to express a qualified opinion or an adverse opinion, or even a disclaimer of opinion
* Consequently, in the event of a qualified or adverse opinion, it is not possible to provide a standard wording for the paragraph entitled “Justification of the opinion”. The auditor may use and adapt the wording proposed on a case-by-case basis and based on their professional judgment

Independent Auditor’s Report [Qualified/Unqualified/Adverse Opinion] – Financial Audit

Contracting Authority, [and Entity][[1]](#footnote-1)

Address

In accordance with our Terms of Reference (ToR), we audited the expenditures and revenues reported in the financial statements on date of the project name of project, the **“Project”**, covering the period from date to date, set out in Annex 1. This report has been established in accordance with Article number of the financing agreement indicate the reference, established between Agence Française de Développement and name of the signatory entity.

Our findings are presented in the designated sections in our report, which is solely intended for the Contracting Authority, [and the Entity],1 [and Agence Française de Développement][[2]](#footnote-2) and aims to provide assurance that the funds allocated to the Project have been used in accordance with the applicable contractual conditions indicated in section 2.1 of our report, and facilitate the determination, with the Entity, of any expenditures to be reimbursed or, in the case of a final audit, any unused funds to be returned.

**Respective responsibilities of the Entity’s management and the auditors**

Under the contractual terms, the Entity’s management is responsible for preparing the financial statements and ensuring that they give a true and fair view of the actual expenditures incurred and the actual revenues received for the Project, in accordance with the applicable contractual terms.

Our responsibility is to audit the financial statements of the Project and report our findings to the Contracting Authority, [and the Entity],1 [and Agence Française de Développement]2 in accordance with the ToR of the audit mission. These ToR stipulate that we are required to perform our work in accordance with international auditing standards (issued by the International Federation of Accountants – IFAC) insofar as these standards may be applied in the specific context of an audit to verify compliance with the contractual terms. These standards require us to respect the applicable rules of ethics in the performance of our work.

**Scope of the audit**

The scope of our audit is defined in our ToR, as indicated in section 2.1 of our report. Our task is to gather sufficient evidence to justify the amounts and information reported in the financial statements, in order to provide assurance that the financial statements are free from material misstatement, whether such misstatement is due to errors or prohibited practices. We have reported all our findings, regardless of the amount in question.

We have taken into account all the available evidence presented to us during our field work, which we completed on date, as well as the observations and information subsequently provided by the Entity, Contracting Authority [and Agence Française de Développement][[3]](#footnote-3) up to the date of this report.

**Option 1 – Unqualified Opinion**

We consider that the evidence gathered is sufficient and appropriate to provide a basis for our unqualified opinion.

**Unqualified Opinion**

In our opinion:

* The financial statements give a true and fair view of the actual expenditures incurred and the actual revenues received for the Project during the period from date to date, in accordance with the applicable contractual terms; and
* The funds allocated to the Project by AFD have, in all material respects, been used in accordance with the applicable contractual terms, in particular with regard to respecting sanctions lists

**[Observation]** (Optional)

Without qualifying our opinion, we draw your attention to the **financial findings outlined in section 3.1, amounting to €amount, or percentage% of the total amount of expenditures declared for the Project over the period covered by the audit**.

**Distribution and use**

This report requested by the Contracting Authority is solely intended for the information and use of the latter, [Agence Française de Développement]3 and the Entity.[[4]](#footnote-4)

*Signature of the auditor*:

*Name of the signatory auditor:*

*Address of the auditor:*

*Date of signature**: (not to be used for draft reports. Date of signature of the* ***final*** *report)*

**Option 2 – Qualified Opinion**

We consider that the evidence gathered is sufficient and appropriate to provide a basis for our qualified opinion.

**Justification for the qualified opinion**

**Our financial findings, outlined in section 3.1 of our report, concern a total of €amount**. These findings represent **percentage% of the total amount of expenditures declared for the Project, over the period covered by the audit**.

We consider these financial findings significant in the context of our audit.

We have in particular been unable to gather sufficient and appropriate evidence regarding: description of problems

**Qualified Opinion**

Subject to the effects of the elements mentioned in the previous paragraph – Justification for the qualified opinion –, in our opinion:

* The financial statements of the Project give a true and fair view of the actual expenditures incurred and the actual revenues received for the Project during the period from date to date, in accordance with the applicable contractual terms; and
* The funds allocated to the Project by AFD have, in all material respects, been used in accordance with the applicable contractual terms, in particular with regard to respecting sanctions lists

**Distribution and use**

This report requested by the Contracting Authority is solely intended for the information and use of the latter, [Agence Française de Développement][[5]](#footnote-5) and the Entity.[[6]](#footnote-6)

*Signature of the auditor*:

*Name of the signatory auditor:*

*Address of the auditor:*

*Date of signature: (not to be used for draft reports. Date of signature of the* ***final*** *report)*

**Option 3 – Adverse Opinion**

We consider that the evidence gathered is sufficient and appropriate to provide a basis for our adverse opinion.

**Justification for the adverse opinion**

**Our financial findings, outlined in section 3.1 of our report, concern a total of €amount**. **These findings represent** **percentage% of the total amount of expenditures declared for the Project, over the period covered by the audit.**

We consider these financial findings significant and diffuse in the context of our audit.

We have in particular been unable to gather sufficient and appropriate evidence regarding: description of problems

**Adverse Opinion**

Subject to the effects of the elements mentioned in the previous paragraph – Justification for the adverse opinion –, in our opinion:

* The financial statements of the Project do not give a true and fair view of the actual expenditures incurred and the actual revenues received for the Project during the period from date to date, in accordance with the applicable contractual terms; and
* The funds allocated to the Project by AFD have not, in all material respects, been used in accordance with the applicable contractual terms, in particular with regard to respecting sanctions lists

**Distribution and use**

This report requested by the Contracting Authority is solely intended for the information and use of the latter, [Agence Française de Développement][[7]](#footnote-7) and the Entity.[[8]](#footnote-8)

*Signature of the auditor*:

*Name of the signatory auditor:*

*Address of the auditor:*

*Date of signature: (not to be used for draft reports. Date of signature of the* ***final*** *report)*

Independent Auditor’s Report [Disclaimer of Opinion] – Financial Audit

Contracting Authority, [and Entity] [[9]](#footnote-9)

Address

Format of report to be used in the case of a **disclaimer of** **opinion**

In accordance with our Terms of Reference (ToR), we audited the expenditures and revenues reported in the financial statements on date of the project name of project, the **“Project”**, covering the period from date to date, set out in Annex 1. This report has been established in accordance with Article number of the financing agreement indicate the reference, established between Agence Française de Développement and name of the signatory entity.

**Respective responsibilities of the Entity’s management and the auditors**

Under the contractual terms, the Entity’s management is responsible for preparing the financial statements and ensuring that they give a true and fair view of the actual expenditures incurred and the actual revenues received for the Project, in accordance with the applicable contractual terms.

Our responsibility is to audit the financial statements and report our findings to the Contracting Authority, [and the Entity], [[10]](#footnote-10) [and Agence Française de Développement][[11]](#footnote-11) in accordance with the ToR of the audit mission. These ToR stipulate that we are required to perform our work in accordance with international auditing standards (issued by the International Federation of Accountants – IFAC) insofar as these standards may be applied in the specific context of an audit to verify compliance with the contractual terms. These standards require us to respect the applicable rules of ethics in the performance of our work.

**Justification for the disclaimer of opinion**

The scope of this audit is defined in our ToR, as outlined in section 2.1 of our report. We have been unable to gather sufficient and appropriate evidence regarding description of problems due to description of the reasons and context. This results in a potentially significant and diffuse impact on the financial statements and the total amount of expenditures declared. Due to this uncertainty, we do not have evidence to provide a basis for our opinion.

**Disclaimer of opinion**

Due to the fundamental nature of the elements mentioned in the previous paragraph – Justification for the disclaimer of opinion –, we have been unable to gather sufficient and appropriate evidence to provide a basis for our opinion. **Consequently, we disclaim an opinion on the following elements:**

* Do the financial statements give a true and fair view of the actual expenditures incurred and the actual revenues received for the Project during the period from date to date, in accordance with the applicable contractual terms? and
* Have the funds allocated to the Project by AFD, in all material respects, been used in accordance with the applicable contractual terms, in particular with regard to respecting sanctions lists?

**Distribution and use**

This report requested by the Contracting Authority is solely intended for the information and use of the latter, [Agence Française de Développement][[12]](#footnote-12) and the Entity.[[13]](#footnote-13)

*Signature of the auditor*:

*Name of the signatory auditor:*

*Address of the auditor:*

*Date of signature: (not to be used for draft reports. Date of signature of the* ***final*** *report)*

**GUIDELINES ON THE OPINIONS OF THE AUDIT OF THE INTERNAL CONTROL SYSTEM**

The auditor must assess the significance of the weaknesses of the internal control system (Are they limited, material or fundamental?). In order to determine the degree of weaknesses of the internal control system, the auditor must assess whether the absence or failure of a control or series of controls results in a risk of material errors, irregularities or prohibited practices in the use of the funds allocated to the Project by Agence Française de Développement. The auditor’s assessment of the significance of the weaknesses of the internal control system is based on their professional judgment.

If the auditor’s findings regarding the internal control concern **limited weaknesses** in the internal control system that do not pose a major risk to the achievement of the Project objectives, the impact of these weaknesses must be considred as immaterial in the context of the audit. In this case, the auditor should express an **unqualified opinion** and prepare a **paragraph of observations** to draw attention to any limited weaknesses in the internal control system.

If the auditor’s findings regarding the internal control concern **material weaknesses** in the internal control system that pose a major risk to the achievement of the Project objectives, the auditor must express a **qualified opinion**.

If the auditor’s findings regarding the internal control concern **fundamental weaknesses** in the internal control system that pose a critical risk to the achievement of the Project objectives, the auditor must express an **adverse opinion**.

In the event of **limitations to the scope of the work**, the auditor must assess the resulting uncertainty and its potential impact on the design and operational efficiency of the internal control system, and decide whether it is appropriate to express a **qualified opinion** or an **adverse opinion**, or even a **disclaimer of opinion**.

Independent Auditor’s Report [Qualified/Unqualified/Adverse Opinion] – Audit of the Internal Control System

Contracting Authority, [and Entity] [[14]](#footnote-14)

Address

In accordance with our Terms of Reference (ToR), we have audited the internal control system established by name, the **“Entity”**, for the project name of project, the **“Project”**, in order to manage the risks of error, irregularity and prohibited practices in the use of the funds allocated to the Project by Agence Française de Développement.

The purpose of this audit, conducted in the offices of name of the Entity, from date to date was to assess the design, operational efficiency and effectiveness of the internal control system (tools and procedures) for the period from date to date, as well as the reliability of the accounting entries and financial information of name of the Entity. This report has been established in accordance with the provisions relating to financial management in the financing agreement indicate the reference,[[15]](#footnote-15) established between Agence Française de Développement and name of the signatory entity.

Our findings are presented in the designated sections in our report, which is solely intended for the Contracting Authority, [and] the Entity, [and Agence Française de Développement][[16]](#footnote-16) and aims to provide assurance that the risks related to the achievement of the Project objectives are subject to an appropriate management and control.

**Respective responsibilities of the Entity’s management and the auditors**

The Entity’s management is responsible for the design, implementation and effective functioning of the internal control system, in particular the management and control of the risks related to the achievement of the Project objectives.

Our responsibility is to audit the Project’s internal control system and report our findings to the Contracting Authority, [and] the Entity, [and Agence Française de Développement][[17]](#footnote-17) in accordance with the ToR of the audit mission. These ToR stipulate that we are required to perform our work in accordance with international auditing standards (issued by the International Federation of Accountants – IFAC) insofar as these standards may be applied in the specific context of an audit of the internal control system, in order to provide assurance that the risks related to the achievement of the Project objectives are subject to an appropriate management and control. These standards require us to respect the applicable rules of ethics and quality control in the performance of our work.

**Scope of the audit**

In accordance with our ToR, the purpose of this audit was to assess the design, efficiency and effectiveness of the key internal controls (tools and procedures) of the Entity, in particular for the reasonable prevention and detection of errors, irregularities and prohibited practices in the context of the use of funds allocated by Agence Française de Développement for the implementation of the Project. Our work mainly comprised:

* A review of the procedures through interviews with the main managers concerned and a review of the procedures and methods used to centralize, process and record the various transactions (including a review of procedures for procurement and contract performance)
* An assessment of the controls implemented to ensure that the operations are effectively managed
* Surveys to verify the application of controls deemed efficient, or to assess the impact of any control deficiencies

**Option 1 – Unqualified Opinion**

We consider that the evidence gathered is sufficient and appropriate to provide a basis for our unqualified opinion.

**Unqualified Opinion**

In our opinion, the internal control system established and used by [Entity audited] to manage material risks related to the achievement of the Project objectives has been designed in an appropriate manner and has functioned effectively during the period from date to date.

**[Observation]** (optional)

**Without qualifying our opinion, we draw your attention to the summary of our findings and recommendations outlined in section 3.2.2, which summarizes the weaknesses identified in the internal control system**.

**Distribution and use**

This report requested by the Contracting Authority is solely intended for the information and use of the latter, [Agence Française de Développement][[18]](#footnote-18) and the Entity.[[19]](#footnote-19)

*Signature of the auditor*:

*Name of the signatory auditor:*

*Address of the auditor:*

*Date of signature: (not to be used for draft reports. Date of signature of the* ***final*** *report)*

**Option 2 – Qualified Opinion**

We consider that the evidence gathered is sufficient and appropriate to provide a basis for our qualified opinion.

**Justification for the qualified opinion**

We have reviewed the design, operational efficiency and effectiveness of the internal control system in place on date, which has been established to manage the risks related to the achievement of the Project objectives, in particular for the reasonable prevention and detection of errors, irregularities and prohibited practices.

**Our findings and recommendations, outlined in section 3.2.2 of this report (Summary of weaknesses, risks and recommendations)**, give details of the material weaknesses of the internal control system, which pose a **substantial risk** to the achievement of the Project objectives. **The impact of these weaknesses on the design, operational efficiency and effectiveness of the internal control system is considered significant in the context of our audit, unless swift remedial measures are put in place**.

The main weaknesses identified concern: description of the weaknesses identified

Our work was limited by the fact that: description of limitations

**Qualified Opinion**

Subject to the effects of the elements mentioned in the previous paragraph – Justification for the qualified opinion –, in our opinion, the internal control system in place and used by name of the Entity has been designed in an appropriate manner and has functioned effectively during the period from date to date.

**Distribution and use**

This report requested by the Contracting Authority is solely intended for the information and use of the latter, [Agence Française de Développement][[20]](#footnote-20) and the Entity.[[21]](#footnote-21)

*Signature of the auditor*:

*Name of the signatory auditor:*

*Address of the auditor:*

*Date of signature: (not to be used for draft reports. Date of signature of the* ***final*** *report)*

**Option 3 – Adverse Opinion**

We consider that the evidence gathered is sufficient and appropriate to provide a basis for our adverse opinion.

**Justification for the adverse opinion**

We have reviewed the design, operational efficiency and effectiveness of the internal control system in place on date, which has been established to manage the risks related to the achievement of the objectives of name of Project, in particular for the reasonable prevention and detection of errors, irregularities and prohibited practices.

**Our findings and recommendations, outlined in section 3.2.2 of this report (Summary of weaknesses, risks and recommendations)**, give details of the material weaknesses of the internal control system, which pose a **critical risk** to the achievement of the Project objectives. **The impact of these weaknesses on the design, operational efficiency and effectiveness of the internal control system is considered significant and diffuse in the context of our audit**.

The main weaknesses identified concern: description of the weaknesses identified

Our work was limited by the fact that: description of limitations

**Adverse Opinion**

Due to the fundamental nature of the elements mentioned in the previous paragraph – Justification for the adverse opinion –, in our opinion, the internal control system in place and used by name of the Entity has not been designed in an appropriate manner and has not functioned effectively during the period from date to date.

**Distribution and use**

This report requested by the Contracting Authority is solely intended for the information and use of the latter, [Agence Française de Développement][[22]](#footnote-22) and the Entity.[[23]](#footnote-23)

*Signature of the auditor*:

*Name of the signatory auditor:*

*Address of the auditor:*

*Date of signature: (not to be used for draft reports. Date of signature of the* ***final*** *report)*

Independent Auditor’s Report [Disclaimer of Opinion] – Audit of the Internal Control System

Contracting Authority, [and Entity] [[24]](#footnote-24)

Format of report to use in the case of a **Disclaimer of Opinion**

In accordance with our Terms of Reference (ToR), we have been commissioned to audit the internal control system established and used by name, the **“Entity”**, for the project name of project, the **“Project”**, in order to manage the risks of error, irregularity and prohibited practices in the use of funds allocated to the Project by Agence Française de Développement.

This audit was to cover the design and operational efficiency of the internal control system (tools and procedures) for the period from date to date.

**Respective responsibilities of the Entity’s management and the auditors**

The Entity’s management is responsible for the design, implementation and effective functioning of the internal control system, in particular the management and control of the risks related to the achievement of the Project objectives.

Our responsibility is to audit the Project’s internal control system and report our findings to the Contracting Authority, [and] the Entity,[[25]](#footnote-25) [and Agence Française de Développement],[[26]](#footnote-26) in accordance with the ToR of the audit mission. These ToR stipulate that we are required to perform our work in accordance with international auditing standards (issued by the International Federation of Accountants – IFAC) insofar as these standards may be applied in the specific context of an audit to provide assurance that the risks related to the achievement of the Project objectives are subject to an appropriate management and control. These standards require us to respect the applicable rules of ethics and quality control in the performance of our work.

**Justification for the Disclaimer of Opinion**

The scope of this audit is defined in our ToR, as indicated in point 2.1 of our report. **We have been unable to gather sufficient evidence regarding description of problems due to description of the reasons and context**. This results in a potentially significant and diffuse impact on the design and operational efficiency of the internal control system in the context of our audit. Due to this uncertainty, we do not have evidence to provide a basis for our opinion.

**Disclaimer of opinion**

Due to the fundamental nature of the elements mentioned in the previous paragraph – Justification for the disclaimer of opinion –, we have been unable to gather sufficient evidence to provide a basis for our opinion. Consequently, we do not express an opinion on the design, operational efficiency and effectiveness of the internal control system of name of Project during the period from date to date.

**Distribution and use**

This report requested by the Contracting Authority is solely intended for the information and use of the latter, [Agence Française de Développement] [[27]](#footnote-27) and the Entity.[[28]](#footnote-28)

*Signature of the auditor*:

*Name of the signatory auditor:*

*Address of the auditor:*

*Date of signature: (not to be used for draft reports. Date of signature of the* ***final*** *report)*

# Context and objectives of the audit

The context and objectives of the audit are those set out in the ToR annexed to this report. The auditor shall add any details they deem appropriate.

This audit is conducted [annually in accordance with the financing agreement] [prior to the renewal of the advance(s)] [on an ad hoc basis following events outlined in the ToR] [on an ad hoc basis following suspicions of prohibited practices].

# Conduct and methodology of the audit

## Scope of the audit

The scope of the audit is as set out in the ToR annexed to this report.

This audit comprises a financial audit, [including the verification of supporting documents prior to the renewal of advances] [, a review of the internal control system] [, a procurement audit] [, a technical audit].

## Main stages and dates

Provide a brief description of the various stages of the audit (preparation, field mission, reporting, drafting).

## Key events

Indicate the key events of the mission, in particular those which may have affected the scope of the audit (limitation of work).

## Audit procedures

The audit procedures applied are those set out in the ToR annexed to this report.

The scope of the work has in particular covered the following specific elements and procedures:

* Document review: List the reference documents used by the auditors (agreement, regulations, procedures manual…) and the financial documentation provided by the Project
* Assessment of the internal control and risks: Provide a brief list of the main audit due diligence outside the document review (interviews, analysis of the information system, document archiving, traceability of screening of financial sanctions lists…)
* Sampling for each audit module. Indicate the sample used
* Description of the main due diligence for the financial audit: Indicate in particular that the Project financial statements have been audited and commented on by the auditors in the report, in addition to the verification of the compliant use of the funds
* Description of the main procurement due diligence[[29]](#footnote-29) Summarize the points controlled if there are no audit findings. If no contracts were awarded during the period audited, indicate this

# Summary of all the findings

Delete the paragraphs not selected in the objectives of the ToR (§1.2 (objectives) and §2.3 (due diligence)).

## Summary of the financial findings

The tables below firstly indicate the relation between the financial findings and the total expenditures declared for Project and, secondly, the total amount of financing allocated by AFD to the Project. The auditor should complete them using the proposed format (a numerical example is given here to help the auditor). For the draft report, the auditor should not add figures regarding the final report.

|  |  |  |  |
| --- | --- | --- | --- |
| Description | Classification of expenditures | Amount (euros) | % of total expenditures declared by the Project |
| Total expenditures declared by the Project (see financial statements in Annex 1) |  | 952,000 | 100% |
| Total expenditures audited |  | 690,000 | 72% |
| **% of expenditures audited** |  | **72%** |  |
| Draft report | Eligible (without anomalies) | 450,000 | 47% |
| Eligible (with anomalies) | 150,000 | 16% |
| Ineligible | 90,000 | 9% |
| *incl. ineligible AML-CFT/Sanctions* | *15,000* | *1.6%* |
| Not audited | 262,000 | 28% |
| **Total expenditures** | **952,000** | **100%** |
| Final report | Eligible (without anomalies) | 520,000 | 55% |
| Eligible (with anomalies) | 120,000 | 13% |
| Ineligible | 50,000 | 5% |
| *incl. ineligible AML-CFT/Sanctions* | *5,000* | *0.5%* |
| Not audited | 262,000 | 28% |
| **Total expenditures** | **952,000** | **100%** |

The ineligible expenditures account for **X**% of the Project expenditures audited.[[30]](#footnote-30)

|  |  |
| --- | --- |
| Description | Euros |
| Total expenditures declared by the Project (see financial report in Annex n° 1) | 952,000 |
|
| Amount to be deducted (expenditures established as ineligible) | 50,000 |
| **Expenditures eligible for the Project** | **902,000** |
| AFD share (in the case of co-financing) | 100% |
| Eligible expenditures in the AFD share | 902,000 |

The table below summarizes the main budget categories:

* % of Project implementation
* % of expenditures controlled
* % of ineligible expenditures

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Summary of categories/ main types of expenditures (draft report in this case) | | | | | | | |
| Category of expenditures | Budget | Expenditures incurred | % incurred | Expenditures audited | % audited | Ineligible expenditures | % ineligible |
| Activities | 400,000 | 358,000 | 90% | 320,000 | 89% | 30,000 | 8% |
| Investments | 300,000 | 286,000 | 95% | 210,000 | 73% | 35,000 | 12% |
| Operational | 290,000 | 300,000 | 103% | 155,000 | 52% | 23,000 | 8% |
| Bank charges | 10,000 | 8,000 | 80% | 5,000 | 63% | 2,000 | 25% |
| Total Project expenditures | 1,000,000 | 952,000 | 95% | 690,000 | 72% | 90,000 | 9% |

## Summary of the findings on the internal control system[[31]](#footnote-31)

| N° | Entity concerned | Summary of findings (see 4.2) | Risks | Priority | Recommendations | Main strong points |
| --- | --- | --- | --- | --- | --- | --- |
| **1** | **General organization** | | | | | |
| **Governance (example)** | | | | | | |
| N°1 | X Department of the Ministry | 1) The minutes of the meetings of the statutory bodies are not signed in due time and require a specific chronological classification | Loss of information in terms of the decisions of the statutory bodies | 2 | 1) The meetings of the statutory bodies require signed minutes classified by chronological order in a register kept for this purpose | 1) Existence of control and supervision bodies  2) Five-year strategic plan |
| N°2 |  |  |  |  |  |
| **Administrative organization and institutional environment (example)** | | | | | | |
| N°3 |  | 1) The full project management staff has not yet been recruited, in particular the administrative and financial manager | Risk of accounting errors and shortcomings in the control of expenditures | 1 | 1) Recruit the administrative and financial manager without delay | 1) Existence of a detailed organization chart of the project operators |
| **Procedures manuals** | | | | | | |
|  |  |  |  |  |  |  |
| **Project facilities and equipment** | | | | | | |
|  |  |  |  |  |  |  |
| **2** | **Management and reporting tools** | | | | | |
| **Accounting system** | | | | | | |
|  |  |  |  |  |  |  |
| **Budgetary and analytical system** | | | | | | |
|  |  |  |  |  |  |  |
| **Reporting/financial statements and technical and financial implementation reports** | | | | | | |
|  |  |  |  |  |  |  |
| **Filing, archiving and backup** | | | | | | |
|  |  |  |  |  |  |  |
| **Mail management** | | | | | | |
|  |  |  |  |  |  |  |
| **3** | **Regulatory aspects** | | | | | |
| **Procurement** | | | | | | |
|  |  |  |  |  |  |  |
| **4** | **Financial and administrative management process** | | | | | |
|  |  |  | |  |  |  |
| **Revenues** | | | | | | |
|  |  |  |  |  |  |  |
| **Cash flow** | | | | | | |
|  |  |  |  |  |  |  |
| **Procurement management** | | | | | | |
|  |  |  |  |  |  |  |
| **Missions and workshops** | | | | | | |
|  |  |  |  |  |  |  |
| **Fixed asset management** | | | | | | |
|  |  |  |  |  |  |  |
| **Rolling stock management** | | | | | | |
|  |  |  |  |  |  |  |
| **Human resources management** | | | | | | |
|  |  |  |  |  |  |  |

## Summary of the findings regarding procurement

The table below shows all the findings regarding procurement, in accordance with the due diligence set out in the Terms of Reference.

| N° | Title | Findings |
| --- | --- | --- |
| 1 | Review of the system | |
| 1.1 | Functioning of the bodies ensuring respect for the applicable rules and quality control |  |
| 1.2 | Internal organization enabling an expression of high-quality technical needs |  |
| 1.3 | Mechanisms to prevent and detect irregularities and prohibited practices |  |
| 1.4 | Conformity of timeframes |  |
| 1.5 | Conformity and reliability of the filing and archiving system |  |
| 2 | Compliance with procurement planning | |
| 2.1 | Compliance with the procurement plan and budgets |  |
| 3 | Consultation/Competitive bidding | |
| 3.1 | Choice of the type of consultation and selection method |  |
| 3.2 | Content of procurement documents and their consistency with the need and type of contract |  |
| 3.3 | Advertising and/or consultation procedure, timeframes and organization of the submission and opening of bids |  |
| 3.4 | Direct contracting: conformity of the reasons given and compliance with the procurement process |  |
| 4 | Evaluation | |
| 4.1 | Consistency between the records, analysis reports and contracts awarded |  |
| 4.2 | Establishment of an Evaluation Committee |  |
| 4.3 | Conformity of the evaluation process (administrative, technical and financial aspects) |  |
| 4.4 | Objectivity and transparency of the technical and financial evaluation |  |
| 4.5 | Reasonable economic conditions obtained |  |
| 4.6 | Identification of cases (proven or suspected) of distortion/breach of competition |  |
| 5 | Award and contracting | |
| 5.1 | Contract award during the bid validity period |  |
| 5.2 | Regularity and consistency of the contractual clauses and technical specifications of the contract signed with those used for the consultation |  |
| 5.3 | Acceptability of any adjustments or negotiations |  |
| 5.4 | Existence of guarantees and their probative value |  |
| 5.5 | Signed Statement of Integrity |  |
| 6 | Performance of contracts | |
| 6.1 | Legality of amendments and modifications during the contract |  |
| 7 | Contracts subject to AFD’s “No Objection” | |
| 7.1 | Request for a “No Objection” at each stage of the procurement process |  |
| 7 | AML/CFT/Sanctions due diligence | |
| 7.1 | Implementation of AML/CFT/Sanctions due diligence |  |
| 8 | ESHS and Security due diligence | |
| 8.1 | Implementation of due diligence and commitments made by the Entity audited with regard to ESHS standards and security |  |
| 9 | Contracts to be refinanced by AFD | |
| 9.1 | Due diligence conducted specific to refinanced contracts |  |

## Summary of the findings regarding the technical implementation of contracts

The table below shows all the findings of the technical audit, in accordance with the due diligence set out in the Terms of Reference. Freely adapt, only refer to the relevant points

| N° | Title | Findings |
| --- | --- | --- |
| 1 | Technical specifications | |
| 1.1 | Appropriateness of specifications in the bidding documents |  |
| 1.2 | Conformity of specifications between the bidding documents, the technical bid, the contract signed and the timetable for the works |  |
|  | Supervision of works | |
| 2.1 | Existence and quality of the technical supervision documentation and the expense statements |  |
| 2.2 | Effectiveness of the services |  |
| 3 | Reasonable nature of the prices | |
| 3.1 |  |  |
| 4 | Respect for the planning and programming | |
| 4.1 |  |  |
| 5 | Amendments | |
| 5.4 |  |  |
| 6 | Control and supervision of works | |
| 6.1 |  |  |

## Summary of the findings regarding AML/CFT/Sanctions due diligence

### Summary of strong points

The strong points are summarized below:

|  |  |  |
| --- | --- | --- |
| N° | Title | Strong points |
| 1 | General organization | |
| 1.1 | Governance |  |
|  |
| 1.2 | Administrative organization and institutional environment |  |
|  |
| 1.3 | Procedures manual |  |
|  |
| 2 | Management and reporting tools | |
| 2.1 | Accounting system |  |
|  |
| 2.2 | Budgetary and analytical monitoring |  |
|  |
| 2.2 | Filing, archiving and backup system |  |
|  |
| 3 | Regulatory aspects | |
| 3.1 | Rules for the execution and justification of expenditure |  |
|  |
| 4 | Cycles of activity | |
| 4.1 | Cash flow management |  |
| 4.2 | Procurement management |  |

### Summary of weak points

The weak points are summarized below:

The table below shows all the general findings regarding the AML/CFT/Sanctions component for the various categories concerned by the implementation of this due diligence.

Each finding is associated with a risk analysis, as well as the priority for action and proposed recommendations.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| N° | Title | Findings | Risks | Level of priority | Findings |
| 1 | General organization | | | | |
| 1.1 | Governance |  |  |  |  |
|  |
| 1.2 | Administrative organization and institutional environment |  |  |  |  |  |
|  |
| 1.3 | Procedures manual |  |  |  |  |  |
|  |
| 2 | Management and reporting tools | | | | |  |
| 2.1 | Accounting system |  |  |  |  |  |
|  |
| 2.2 | Budgetary and analytical monitoring |  |  |  |  |  |
|  |
| 2.2 | Filing, archiving and backup system |  |  |  |  |  |
|  |
| 3 | Regulatory aspects | | | | |  |
| 3.1 | Rules for the execution and justification of expenditure |  |  |  |  |  |
|  |
| 4 | Cycles of activity | | | | |  |
| 4.1 | Cash flow management |  |  |  |  |  |
| 4.2 | Procurement management |  |  |  |  |  |

### Summary of financial findings regarding AML/CFT/Sanctions due diligence

The table below shows the relation between the financial findings, specifically linked to the AML/CFT/Sanctions due diligence, and the total expenditure declared for the Project. It should be completed by the auditor if the latter has had to conduct compliance tests (see section “2.3.1 of the ToR”).

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Description | Classification of expenditures | Amount (euros) | % expenditures declared by the Project | Number of expenditures | % expenditures declared by the Project (in number) |
| Total expenditure declared by the Project and concerned by the AML/CFT/Sanctions component |  | 952,000 | 100% | 1,000 | 100% |
| Total compliance tests conducted |  | 50,000 | 5% | 50 | 5% |
| **% of operations audited** |  | **5%** |  | **5%** |  |
| Draft report | Eligible (without anomalies) | 35,000 | 3.7% | 35 | 3.5% |
| Eligible (with anomalies) |  | 0% |  | 0% |
| Ineligible[[32]](#footnote-32) | 15,000 | 1.6% | 15 | 1.5% |
| Not audited | 902,000 | 95% | 950 | 95% |
| **Total expenditure** | **952,000** | **100%** | **1,000** | **100%** |
| Final report | Eligible (without anomalies) | 40,000 | 4% | 40 | 4% |
| Eligible (with anomalies) | 5,000 | 0.5% | 5 | 0.5% |
| Ineligible | 5,000 | 0.5% | 5 | 0.5% |
| Not audited | 902,000 | 95% | 950 | 95% |
| **Total expenditure** | **952,000** | **100%** | **1,000** | **100%** |

## Key audit data

The following summary tables contain the key audit data solely intended for the Contracting Authority [and Agence Française de Développement].[[33]](#footnote-33)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Draft report** | | | | **Final report** | | | |
| **Audit finding** | **Ineligible** | | **Eligible (with anomalies)** | | **Ineligible** | | **Eligible (with anomalies)** | |
|  | N° | Amount | N° | Amount | N° | Amount | N° | Amount |
| Completeness of documentation | 12 | 60,000 | 28 | 90,000 | 8 | 40,000 | 16 | 80,000 |
| Problems related to payments | 2 | 10,000 |  |  |  |  |  |  |
| Formal regularity, accuracy and probative value | 4 | 10,000 | 20 | 40,000 |  |  | 12 | 30,000 |
| Budget implementation |  |  |  |  |  |  |  |  |
| Other regulatory and contractual provisions |  |  | 2 | 10,000 |  |  | 2 | 10,000 |
| Prices, appropriateness and reasonableness of expenditure | 2 | 10,000 |  |  | 2 | 10,000 |  |  |
| Compliance with tax and social regulations |  |  |  |  |  |  |  |  |
| Contract procedures |  |  |  |  |  |  |  |  |
| Irregularities |  |  |  |  |  |  |  |  |
| **Total expenditure subject to an audit finding** | **20** | **90,000** | **50** | **140,000** | **10** | **50,000** | **30** | **120,000** |

### Analytical review of ineligible expenditures

The auditors shall comment briefly on the content and type of anomalies affecting the ineligible expenditures.

### Analytical review of eligible expenditures with anomalies

The auditors shall comment on the content and type of anomalies affecting the eligible expenditures with anomalies.

The auditors shall pay particular attention to the consistency between the seriousness of the anomalies and the classification of expenditures in this category “eligible with anomalies”.

## Follow-up of recommendations from previous audits

The table below shows the recommendations from previous audits, and reviews their implementation at the date of the present audit. Freely adapt, only refer to the relevant points. Some examples are given in the table.

If the auditor has changed, they shall indicate the recommendations they feel are not relevant, where appropriate.

| **N°** | **Recommendations** | **Level of priority** | **Status of implementation of recommendations** |
| --- | --- | --- | --- |
| **1** | **General organization** | | |
| **1.1** | **Governance** | | |
| 1.1.x | Respect the remit of the Steering Committee (see procedures manual) to ensure the independence between the steering and control unit (CPS) and the management unit (coordination). | 1 | Each member of the CPS has been given a copy of the remit. |
| **1.2** | **Administrative organization and institutional environment** | | |
| 1.2.x | Revise the organization chart to clarify the various functions, as well as the managerial and operational links. | 1 | Organization chart revised in the manual and distributed internally within the Project. |
| **2** | **Management and reporting tools** | | |
| **2.1** | **Accounting system** | | |
| 2.1.x | Have the old software repaired or purchase more appropriate software for project management. |  | The software XXX was proposed in the draft version of the OP 2019 but was not retained in the final version. |
| **3** | **Regulatory aspects** | | |
| **3.1** | **Procurement** | | |
| 3.1.x | Ensure that the procurement thresholds and selection criteria are respected (see procedures manual). |  | Recommendation not implemented. The anomalies previously reported are still present in 2019. |
| **4** | **Review by cycle** | | |
| **4.1** | **Assets and fixed assets** | | |
| 4.1.x |  |  |  |
| **4.2** | **Cash flow** | | |
| 4.2.x |  |  |  |
| **4.3** | **Missions and workshops** | | |
| 4.3.x |  |  |  |
| **4.4** | **Etc.** | | |
| 4.4.x |  |  |  |

# Findings and recommendations

## Financial findings

The ineligible amount for each finding corresponds to the priority finding identified in Annex 4.2 of the ToR. When several findings concern an ineligible expenditure, its amount should only be recorded once. The sum of the ineligible amounts of all the findings must correspond to the amount indicated in the summary table (§3.1).

|  |  |
| --- | --- |
| **Finding n°** | **Title:** title of the finding  Example: |
| **Audit finding:** indicate the category  Example: Irregularity (n° 31 – Payment without supporting documents) | |
| **Description of the finding:** detailed description of the finding covering the facts, criteria, cause(s) and impact(s). For the criteria, specify the article or clause of the contractual provisions  Example: The Municipality of XX has incurred FCFA 229,575 (€349.98) of expenses for motorcycle fuel and maintenance. It has provided no supporting document for the expenditure. This amount has simply been extracted from the “financial forecast for October 2017”, established by the Technical Assistant and validated by the Mayor of the Municipality. This expenditure is considered unjustified and consequently ineligible. | |
| **Ineligible amount in euros where appropriate:** | |
| **Entity’s comments:** The Entity indicates whether it agrees or disagrees with the finding and makes its observations | |
| **Contracting Authority’s comments:** | |
| **Auditor’s final comments:** In the event of disagreement with the Entity’s comments, the auditor rejects the Entity’s observations here and justifies maintaining their finding, which they still consider as justified | |
| **Ineligible amount in euros in the final report:** | |

## Findings regarding the internal control system

|  |
| --- |
| Level of priority to be used to classify the recommendations |
| *Priority 1 – Remedial action is urgently required.* Critical aspects of the internal control are lacking or are not respected on an ongoing basis. There is a major weakness or deficiency in one or several aspects of the internal control resulting in a significant risk of serious errors, irregularity or prohibited practices regarding the expenditures and revenues reported in the Project financial statements. There is a major risk that the internal control objectives will not be achieved with regard to the reliability of the financial information concerning the Project, the efficiency and effectiveness of its operations, as well as compliance with applicable regulations, in particular the contractual conditions applicable to the Project. These risks could have a negative impact on the Project financial statements. Remedial action is urgently required. |
| *Priority 2* – *Specific action is required promptly*. There is a weakness or deficiency in one or several aspects of the internal control which, without being serious, concerns shortcomings that expose certain aspects of the internal control (for example, the management of cash in hand and at bank or budget and expenditure control) to a less immediate level of risk of error, irregularity or prohibited practices. This risk could have an impact on the effectiveness of the internal control and its objectives and should be of concern to the Entity’s management. Specific action is required promptly. |
| *Priority 3 – Specific remedial action is recommended*. There is a weakness or deficiency in the internal control which, taken in isolation, does not have a major impact, but concerns an aspect for which an improvement in the internal control would benefit the Project and/or the Entity could improve its efficiency and/or effectiveness. There could be adverse effects on the processes and, combined with other weaknesses, it could be a cause for concern. |

The auditor shall translate the findings below into ineligible expenditures or eligible with anomalies where necessary.

### On the general organization

#### Governance

|  |  |
| --- | --- |
| **Finding n°** | **Title:** title of the finding  Example: shortcomings in the Entity’s governance |
| **Description of the finding:** detailed description of the finding covering the facts, criteria, cause(s) and impact(s). For the criteria, specify the article or clause of the contractual provisions  Example: During our verifications, we identified the following shortcomings:   1. We were given no minutes of the statutory meetings of the governance bodies; 2. The mandates of the members of the Steering Committee were automatically renewed with no statutory meeting and without this arrangement being clearly indicated in the by-laws. | |
| **Recommendations:** the recommendations must aim to remedy existing situations, improve the Project management and internal control system and improve compliance with the controls established and/or best practices | |
| **Priority of the recommendation:**  Priority 1 – Specific action is urgently required; Priority 2 – Specific action is required promptly; Priority 3 – Specific remedial action is recommended (Only retain the applicable option) | |
| **Ineligible amount in euros where appropriate:** | |
| **Entity’s comments:** The Entity indicates whether it agrees or disagrees with the finding and makes its observations | |
| **Contracting Authority’s comments:** | |
| **Auditor’s final comments:** In the event of disagreement with the Entity’s comments, the auditor rejects the Entity’s observations here and justifies maintaining their finding, which they still consider as justified | |
| **Ineligible amount in euros in the final report where appropriate:** | |

#### Administrative organization and institutional environment

#### Procedures manual

|  |  |
| --- | --- |
| **Finding n°** | **Title:** title of the finding  Example: Procedures manual not adapted to the current management |
| **Description of the finding:** detailed description of the finding covering the facts, criteria, cause(s) and impact(s). For the criteria, specify the article or clause of the contractual provisions  Example: During our verifications, we identified the following shortcomings:  1) The manual does not outline the revision and updating procedures;  2) Operational overlapping and incompatibilities were identified during the review;  3) Certain procedures need to be revised (accounting) or simplified (reporting) to take account of the size of the entity and the current management method;  4) A paper version of the manual is not distributed at the level of the coordination. | |
| **Recommendations:** the recommendations must aim to remedy existing situations, improve the Project management and internal control system and improve compliance with the controls established and/or best practices | |
| **Priority of the recommendation:**  Priority 1 – Specific action is urgently required; Priority 2 – Specific action is required promptly; Priority 3 – Specific remedial action is recommended (Only retain the applicable option) | |
| **Entity’s comments:** The Entity indicates whether it agrees or disagrees with the finding and makes its observations | |
| **Ineligible amount in euros where appropriate:** | |
| **Contracting Authority’s comments:** | |
| **Auditor’s final comments:** In the event of disagreement with the Entity’s comments, the auditor rejects the Entity’s observations here and justifies maintaining their finding, which they still consider as justified | |
| **Ineligible amount in euros in the final report where appropriate:** | |

#### Project facilities and equipment

### On the management and reporting tools

#### Accounting system

#### Budgetary and analytical monitoring

#### Reporting

#### Filing, archiving and backup

#### Mail management

#### Risk management

### On the regulatory aspects

#### Procurement

#### Rules on the execution and justification of expenditures

### On the financial and administrative management process

#### Revenues

#### Cash flow

#### Procurement

#### Missions and workshops

#### Fixed assets

#### Rolling stock

#### Office operations

#### Human resources

## Findings regarding procurement

The auditor shall translate the findings below into ineligible expenditures or eligible with anomalies where necessary.

### Contract n° 1

|  |
| --- |
| **Title:** title of the finding(s)  Example: evaluation method non-compliant |
| **Description of the finding(s):** detailed description of the finding(s) covering the facts, criteria, cause(s) and impact(s). For the criteria, specify the article or clause of the contractual provisions  Example: During our review of a contract for the construction of a classroom, awarded through a Request for Quotations (amount estimated at €240,000, well below the threshold of €300,000 set out in Article 2.3 of the AFD Guidelines), we identified two non-conformities in the evaluation report:   * The quality-cost evaluation used (70/30), whereas Article 2.3 of the AFD Guidelines provides for a selection of the bidder that is qualified and technically compliant with the lowest price; * Inconsistency between the evaluation criteria set out in the Request for Quotations and those used in the evaluation report: the Contracting Authority has rated the resumés of the site manager and project manager, whereas these profiles are not indicated in the Request for Quotations, and there is no mention of an evaluation of the personnel presented by the bidders.   Two bids (companies A and B) received low scores, mainly due to the absence of such resumés, resulting in the Contracting Authority awarding the contract to the bidder C. Without this consideration of the resumés in the evaluation, and with an evaluation based on the technically compliant bidder with the lowest price, the contract would have been awarded to company A. |
| **Ineligible amount in euros where appropriate:** |
| **Entity’s comments:** The Entity indicates whether it agrees or disagrees with the finding and makes its observations |
| **Contracting Authority’s comments:** |
| **Auditor’s final comments:** In the event of disagreement with the Entity’s comments, the auditor rejects the Entity’s observations here and justifies maintaining their finding, which they still consider as justified |
| **Ineligible amount in euros in the final report where appropriate:** |

### Contract n° 2

### Contract n° 3

## Findings regarding the technical performance of contracts

The reporting format for the technical component is at the discretion of the auditors. However, they must make recommendations.

## Findings regarding the AML/CFT/Sanctions due diligence

|  |
| --- |
| Levels of priority to be used to classify the recommendations |
| *Priority 1 – Remedial action is urgently required.* Critical aspects of the internal control are lacking or are not respected on an ongoing basis. There is a major weakness or deficiency in one or several aspects of the internal control resulting in a significant risk of serious errors, irregularity or prohibited practices regarding the expenditures and revenues reported in the Project financial statements. There is a major risk that the internal control objectives will not be achieved with regard to the reliability of the financial information concerning the Project, the efficiency and effectiveness of its operations, as well as compliance with applicable regulations, in particular the contractual conditions applicable to the Project. These risks could have a negative impact on the Project financial statements. Remedial action is urgently required. |
| *Priority 2* – *Specific action is required promptly*. There is a weakness or deficiency in one or several aspects of the internal control which, without being serious, concerns shortcomings that expose certain aspects of the internal control (for example, the management of cash in hand and at bank or budget and expenditure control) to a less immediate level of risk of error, irregularity or prohibited practices. This risk could have an impact on the effectiveness of the internal control and its objectives and should be of concern to the Entity’s management. Specific action is required promptly. |
| *Priority 3 – Specific remedial action is recommended*. There is a weakness or deficiency in the internal control which, taken in isolation, does not have a major impact, but concerns an aspect for which an improvement in the internal control would benefit the Project and/or the Entity could improve its efficiency and/or effectiveness. There could be adverse effects on the processes and, combined with other weaknesses, it could be a cause for concern. |

The auditor shall translate the findings below into ineligible expenditures or eligible with anomalies where necessary.

### Governance

### Administrative organization and institutional environment

|  |  |
| --- | --- |
| **Finding n°** | **Title:** title of the finding  Example: shortcomings in the Entity’s environment regarding AML/CFT Sanctions due diligence |
| **Audit finding:** indicate the category  Example: C5A18 | |
| **Description of the finding:** detailed description of the finding covering the facts, criteria, cause(s) and impact(s). For the criteria, specify the article or clause of the contractual provisions  Example: During our verifications, we identified the following shortcomings:   1. There are no documents showing the work conducted on AML/CFT/Sanctions due diligence; 2. The Entity is unable to prove that it has conducted the relevant controls concerning the potential existence of blacklisted beneficiaries | |
| **Recommendations:** the recommendations must aim to remedy existing situations, improve the Project management and internal control system and improve compliance with the controls established and/or best practices | |
| **Priority of the recommendation:**  Priority 1 – Specific action is urgently required | |
| **Ineligible amount in euros where appropriate:** €15,000 | |
| **Entity’s comments:** The Entity indicates whether it agrees or disagrees with the finding and makes its observations | |
| **Contracting Authority’s comments:** | |
| **Auditor’s final comments:** In the event of disagreement with the Entity’s comments, the auditor rejects the Entity’s observations here and justifies maintaining their finding, which they still consider as justified | |
| **Ineligible amount in euros in the final report:** €5,000 | |

### Procedures manual

|  |  |
| --- | --- |
| **Finding n°** | **Title:** title of the finding  Example: Procedures manual not addressing the specific point of AML/CFT Sanctions due diligence |
| **Audit finding:** indicate the category  Example: not applicable | |
| **Description of the finding:** detailed description of the finding covering the facts, criteria, cause(s) and impact(s). For the criteria, specify the article or clause of the contractual provisions  Example: During our verifications, we identified the following shortcomings:  1) The manual does not set out the procedures for handling AML/CFT Sanctions due diligence;  2) Functional incompatibilities were identified during the review of cases of exemption. | |
| **Recommendations:** the recommendations must aim to remedy existing situations, improve the Project management and internal control system and improve compliance with the controls established and/or best practices | |
| **Priority of the recommendation:**  Priority 1 – Specific action is urgently required | |
| **Ineligible amount in euros where appropriate:** not applicable | |
| **Entity’s comments:** The Entity indicates whether it agrees or disagrees with the finding and makes its observations | |
| **Contracting Authority’s comments:** | |
| **Auditor’s final comments:** In the event of disagreement with the Entity’s comments, the auditor rejects the Entity’s observations here and justifies maintaining their finding, which they still consider as justified | |
| **Ineligible amount in euros in the final report:** not applicable | |

Annex 1: Project Financial Statements (including cash flow statement)

Annex 2: Bank reconciliation at the end of the period covered by the audit[[34]](#footnote-34)

Annex 3: List of expenditures for the period audited and expenditures audited

Annex 4: Reports on field visits

Annex 5: People interviewed

|  |  |
| --- | --- |
| Surname and first name | Position |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |

Annex 6: Terms of Reference of the mission

1. To be deleted if the Entity audited is the Contracting Authority. [↑](#footnote-ref-1)
2. To be deleted when AFD is the Contracting Authority. [↑](#footnote-ref-2)
3. To be deleted when AFD is the Contracting Authority. [↑](#footnote-ref-3)
4. To be deleted if the Entity audited is the Contracting Authority. [↑](#footnote-ref-4)
5. To be deleted when AFD is the Contracting Authority. [↑](#footnote-ref-5)
6. To be deleted if the Entity audited is different from the Contracting Authority. [↑](#footnote-ref-6)
7. To be deleted when AFD is the Contracting Authority. [↑](#footnote-ref-7)
8. To be deleted if the Entity audited is different from the Contracting Authority. [↑](#footnote-ref-8)
9. To be deleted if the Entity is the Contracting Authority. [↑](#footnote-ref-9)
10. To be deleted if the Entity audited is the Contracting Authority. [↑](#footnote-ref-10)
11. To be deleted when AFD is the Contracting Authority. [↑](#footnote-ref-11)
12. To be deleted when AFD is the Contracting Authority. [↑](#footnote-ref-12)
13. To be deleted if the Entity audited is the Contracting Authority. [↑](#footnote-ref-13)
14. To be deleted if the Entity is the Contracting Authority. [↑](#footnote-ref-14)
15. Clauses on disbursement methods, Annex 2, the specific undertakings if necessary. [↑](#footnote-ref-15)
16. To be deleted when AFD is the Contracting Authority. [↑](#footnote-ref-16)
17. To be deleted when AFD is the Contracting Authority. [↑](#footnote-ref-17)
18. To be deleted when AFD is the Contracting Authority. [↑](#footnote-ref-18)
19. To be deleted if the Entity is the Contracting Authority. [↑](#footnote-ref-19)
20. To be deleted when AFD is the Contracting Authority. [↑](#footnote-ref-20)
21. To be deleted if the Entity is the Contracting Authority. [↑](#footnote-ref-21)
22. To be deleted when AFD is the Contracting Authority. [↑](#footnote-ref-22)
23. To be deleted if the Entity is the Contracting Authority. [↑](#footnote-ref-23)
24. To be deleted if the Entity is the Contracting Authority. [↑](#footnote-ref-24)
25. To be deleted if the Entity is the Contracting Authority. [↑](#footnote-ref-25)
26. To be deleted when AFD is the Contracting Authority. [↑](#footnote-ref-26)
27. To be deleted when AFD is the Contracting Authority. [↑](#footnote-ref-27)
28. To be deleted if the Entity is the Contracting Authority. [↑](#footnote-ref-28)
29. To be deleted if the procurement module is not provided for in the ToR. [↑](#footnote-ref-29)
30. This sentence should only be added to the draft audit report, with an impact on the size of the sample used by the auditor: see §2.2.1 of the ToR (“In the case of ineligible expenditures above 10% of the total amount of expenditures controlled, [the] control rate must be increased [from 65%] to 85%.”). In the example provided, the ineligible expenditures account for 13% of the expenditures audited. [↑](#footnote-ref-30)
31. Only use the relevant sections in the table. [↑](#footnote-ref-31)
32. *N.B.*: If the Contracting Authority is unable to prove that it has conducted the verifications concerning the successful bidders, the operation reviewed by the auditor shall automatically be considered ineligible at the stage of the draft report.

    The operation shall also be considered ineligible if the successful bidder is on a financial sanctions list. [↑](#footnote-ref-32)
33. To be deleted when AFD is the Contracting Authority. [↑](#footnote-ref-33)
34. To be deleted if no account dedicated to the Project. [↑](#footnote-ref-34)