



**REPUBLIC OF MOZAMBIQUE
MINISTRY OF STATE ADMINISTRATION AND PUBLIC SERVANT
MOZAMBIQUE URBAN DEVELOPMENT AND DECENTRALIZATION PROJECT**

**PROJECT MANAGEMENT UNIT - PMU
Project ID N.º P163989 – Grant N.º IDA-D6490**

**REQUEST OF EXPRESSION OF INTEREST – FIRMS
SELECTION**

Reference N.º – MZ-MAEF-231898-CS-LCS

CONSULTANT SERVICES FOR PROCUREMENT AUDIT

1. The Government of Mozambique, represented by the Ministry of State Administration and Public Servant (MAEFP) has applied for financing from the World Bank, toward the cost of the Mozambique Urban Development and Decentralization Project and intends to apply part of the proceeds for procurement audit consulting services. The 22 municipalities beneficiary of the Project are located in the following Mozambican provinces: Niassa, Zambézia, Sofala and Gaza.
2. The procurement audit will cover all the procurement activities carried out by the Project Management Unit (PMU) at central level and all activities financed under SDMs of all 22 UGEAs of the municipality's beneficiary of the Project in the fiscal year of 2021. A list of all procurement activities done or to be done in this period will be made available to the auditor prior to the signature of the contract and commencement of the assignment. The auditor will conduct a thorough review which shall include visits to the project site to make physical inspections of the quality and quantity of goods, works and services procured.
3. The detailed Terms of Reference (TOR) for the assignment can be found at the following website: <https://www.pdul.gov.mz/Anuncios/Concursos> or can be requested by E-mail at the address given below.

4. The MAEFP – PDUL/PMU now invites eligible consulting firms (“Consultants”) to indicate their interest in providing the Services. Interested Consultants should provide information demonstrating that they have the required qualifications and relevant experience to perform the Services. The shortlisting criteria are: (i) Experience in auditing services and (ii) Experience in procurement audit. **Key Experts will not be evaluated at the shortlisting stage.**
5. The attention of interested Consultants is drawn to Section III, paragraphs, 3.14, 3.16, and 3.17 of the World Bank’s “Procurement Regulations for IPF Borrowers” July 2016, revised November 2017 and August 2018, setting forth the World Bank’s policy on conflict of interest.
6. Consultants may associate with other firms to enhance their qualifications, in the form of a consortium or a sub consultancy but should indicate clearly whether the association is in the form of a joint venture and or sub consultancy. In the case of a joint venture, all the partners in the joint venture shall be jointly and severally liable for the entire contract, if selected. However, the experience of the sub-consultant will not be considered in the evaluation for the short list.
7. A Consultant will be selected in accordance with the Least Cost Selection (LCS) method set out in the World Bank Procurement Regulations.
8. Further information can be obtained at the address below during office hours **09H00am to 03H00pm** Mozambique Time. The ToR and other relevant project documents can be found at <https://www.pdul.gov.mz>.
9. Expressions of interest in English must be delivered in a written form to the address below (in person, or by mail or by e-mail) by **September 10th, 2021, at 3:00 p.m.**

Ministry of State Administration and Public Servant
Mozambique National Urban Development and Decentralization
Project Management Unit – Procurement
COWORKLAB-02Office
Rua 1301, no 61, Sommerschield, Maputo
<https://coworklab.net/cowork/cowork-lab-2/?lang=en>
Email: procurement@pdul.gov.mz



REPUBLIC OF MOZAMBIQUE

MINISTRY OF STATE ADMINISTRATION AND PUBLIC SERVICE
PROJECT MANAGEMENT UNIT - UGP

URBAN AND LOCAL DEVELOPMENT PROJECT
(PDUL)

TENDER REF. MZ-MAEFP-231898-CS-LCS

TERMS OF REFERENCE

CONTRACTING CONSULTING SERVICES FOR:

**INDEPENDENT PROCUREMENT AUDIT FOR PROJECT
IMPLEMENTATION UNIT AND MUNICIPAL TRANSACTION
FINANCED BY SDMs - FY 2021**

Maputo, August 2021

1. BACKGROUND

The Government of Mozambique with the support of the World Bank is implementing the Decentralization and Urban Development Project (PDUL) with a 5-years period duration (2020 – 2025), preceded by a 1-year preparatory phase.

The PDUL is structured in components and sub-components: Component 1 - Urban Infrastructure and Municipal Services (US\$92 million); Component 2 – Reforms of Decentralization Policies and Institutional Capacity Building (US\$20 million); Component 3 – Project Management (US\$5 million); and component 4 – Emergency Contingency and Recovery (US\$0 million).

The total value of the Project is US \$ 117 million, of which US \$ 52 million is allocated to grants based on municipal performance, hereinafter referred to as “SDM’s”. These grants will finance resources to eligible municipalities with additional funding to improve the performance of their functions. The SDM’s complement the system of transfers from the Government of Mozambique (GoM) to the municipalities, namely grants for general purposes (called Autonomous Compensation Funds - FCA) and capital grants (called Local Initiative Investment Funds - FIIL).

The overall implementation of the PDUL is coordinated by the Ministry of State Administration and Public Service (MAEFP), in close collaboration with the Ministry of Economy and Finance (MEF), Ministry of Land and Environment (MTA), Ministry of Public Works, Housing and Water Resources (MOPHRH).

The Project Management Unit (PMU) require the services of an independent procurement audit firm to undertake the audit of procurement transactions managed by all the 22 municipalities in the implementation of SDMs including the procurement transactions managed centrally by the PMU in the year of 2021 and make recommendation for improvement its performance in the following years. The 22 municipalities beneficiary of the project are located in the following Provinces: Niassa (5); Zambézia (6); Sofala (5) and Gaza (6) according to the following table:

Niassa Province	Zambézia Province	Sofala Province	Gaza Province
1. Lichinga 2. Cuamba 3. Mandimba 4. Marrupa 5. Metangula	1. Quelimane 2. Mocuba 3. Milange 4. Maganja da Costa 5. Gurué 6. Alto Molócué	1. Dondo 2. Gorongosa 3. Marromeu 4. Nhamatanda 5. Beira	1. Chibuto 2. Chokwé 3. Macia 4. Mandlakaze 5. Praia do Bilene 6. Xai-Xai

2. OBJECTIVES OF THE PROCUREMENT AUDIT

The main objective of the Procurement Audit is the *verification of the procedures adopted in the acquisition and contracting processes and the implementation and monitoring of contracts financed by PDUL Municipal Grants called “SDMs”* and indicate if:

- (i) the procurement and contracting processes were carried out in accordance with the Project Financing Agreement (FA), PDUL SDMs and Procurement Manuals, internal rules and procedures (if applicable) and as reflected in the approved Procurement Plan for all procurement activities managed by PMU and UGEAs;
- (ii) met expectations of economy and efficiency.

- (iii) found incompatibilities with the Financing Agreement, PDUL SDMs and procurement manuals and internal rules and procedures, as applicable on each municipality
- (iv) practices or actions / decisions are inappropriate, questionable, or related to corrupt practices.
- (v) verify physical and technical compliance of deliveries in relation with the disbursement rate and
- (vi) review the UGEA's procurement capacity to fulfil its fiduciary mandate.

3. DESCRIPTION OF THE SERVICES REQUIRED

3.1 Scope of Procurement Audit Services

The procurement audit will cover all the procurement activities carried out by the Project Management Unit (PMU) at central level and all activities financed under SDMs of all 22 UGEAs of the municipality's beneficiary of the Project in the fiscal year of 2021. A list of all procurement activities done or to be done in this period will be made available to the auditor prior to the signature of the contract and commencement of the assignment.

The auditor will conduct a thorough review which shall include visits to the project site to make physical inspections of the quality and quantity of goods, works and services procured, using the templates in Annex A and B of the TOR.

During the assignment, the Auditor shall tackle the fundamental aspects of the transactions made under the project and financed by SDMs, with respect to the provisions of the Bank Procurement Regulation, National Public Procurement Laws and Regulations, and the fiduciary work normally carried out by PMU to UGEAs. It will mainly involve the following:

- Verifying the Compliance of the procurement process, tendering and the evaluation with the provisions of the FA, procurement plans, internal rules and procedures, provisions of the public procurement law and regulations, the auditor will assess:
 - compliance with the legal, institutional mandates, regulations, policies, procedures and contracts.
 - the consistency between procurement plans and actual implementation progress.
 - effectiveness of due internal controls covering procurement planning, related solicitation methods and procedures, and execution processes including authorization, approval processes, and contract management procedures; and
 - Contract management i.e., amendments, payments, claims and implementation timelines.
- Verifying conformity of technical quality and quantities delivered in accordance with the contract's conditions while ensuring reliability and integrity of financial and operational information as these relate to those deliveries, including
 - Reasonableness of unit prices of contracts.
 - Conformity of the final contract with the approved solicitation documents, in particular regarding the validity of Addenda, Change Orders, and any other Amendments made to the original contract during its execution; and

- The eligibility of expenditures.
 - The risks regarding the respect of the principles of procurement, control, competences, and the management capacity of the UGEA staff, to manage and implement the national procurement system.
 - Assessing the overall UGEA capacity to validate that it is in line with the assessment made during project appraisal and DIISB Reports. The assessment shall be based on a threefold due diligence process covering the UGEA on the basis of an evaluation of past performance and operational track record: 1) compliance with the country's legal and institutional framework and other legal and regulatory obligations; 2) overall qualitative and quantitative capacity in terms of organizational structure, internal procedures, resources, and qualified staff; and 3) ability to carry out national procurement processes in a diligent, effective, and efficient manner.
- 3.2 The examination and analysis of each contract selected and the determination of whether the actions taken by the UGEA of the project, conform with the National Procurement Laws and Regulations and the UGEA, which will be based, but not be limited on the following documentation:
- Procurement Plans (PPs) and Updates; the PPs and their updates duly approved by the Bank / Municipal Assembly and duly published must be examined at central level and at the Municipalities level.
 - Advertisements: the procedures of publicity and their validity must be checked, the requirements as regards the location of the required publication, indications that the SDMs / PDUL is the source of financing (if applicable) the period for preparation of tenders, the deadline date for submissions and opening of the offers, the required guarantees for the bid/tenders, the address where to obtain the invitation to tender documents... etc.
 - The Solicitation Documents: must be examined to determine if standard documents were used for the invitation to tender; eligibility, bid and performance guarantees, currencies (of the offer, the evaluation and the payment), validity of the prices, formulas for adjusting prices, proof (support documents) for the capacity of the tenderer to carry out the contract; criteria for evaluating the offer, local contents like preferences (if applicable), technical specifications, terms of reference... etc.
 - Bid/Tender/Proposals Opening: The procedures of opening the bids must be examined; compliance with the deadline dates for the submissions; period between the deadline date of submissions and opening of bids; records of the presence of representatives of the tenderers; rejection of late submissions, opening of all the tenders in convenient time, reading of the details, official minutes of the bid opening, official report of the discussions of the problems associated with the tenders at the time of opening the bids.

- Bid/Tender/Proposals Evaluation: the evaluation of the bids/tenders/proposals must be checked: arithmetic errors, use of a points system instead of the criteria of evaluation indicated in the tender documents (if applicable), commercial and financial requirements imposed on the tender and to the tenderers, determination of substantial responsiveness to the technical specifications (to raise minor or major variations), application of preferences in favour of the country of the Borrower (if applicable), validity of the offers and the guarantees of the offer, awarding the contract to the tenderer evaluated with the lowest substantial responsiveness, notification of the contract award, etc..
- Contract Award: the performance guarantee must be reviewed: coherence of the deadlines with the tender documents; official reports of negotiations related to the contracts of consultants and of the modifications made to the final versions of the contracts for goods, works and services. Any changes, addenda, amendments made to the approved contracts must also be examined.
- Complaints: The complaints from tenderers or other concerned parties, including any resolutions implicating the PDUL, must be noted.
- Contract Execution and disbursement: The compliance of the delivered goods and completed works and services with the requirements, specifications and payment schedule defined in the contract.

3.2 Sampling

3.2.1 The Auditor will make a representative selection of procurement transactions, that is, contracts for goods, works, non-consulting and consulting services that was financed by SDMs, to examine them. The sample size may vary depending on its importance within this framework, the amounts spent, or the number of contracts signed and ongoing process to verify the compliance with the rules and regulations. This selection will have to obey two criteria:

- (a) the need for the observations of the audit to be statistically significant; and
- (b) the necessity to identify the improvements to be introduced.

3.2.2 The procurement transactions covered by the sample shall include signed contracts, either completed, or under execution. It is important that the sample selected shall be representative of the following:

- the various types of contracts signed;
- the methods of acquisition used, Open Competitive Bidding, Limited Competitive Bidding, Direct Procurement (DP).
- selection based on quality & Cost (QCBS), Least Cost (LCS), Quality only (QBS), Consultants' Qualifications (CQS), Fixed Budget (FBS) and Single Source Selection (SSS) also selection of individual consultants whichever is applicable on the project; and

- It is the responsibility of the Auditor to ensure this representativeness, based on his experience with similar audits.
- procurement transactions must be reviewed to verify, on the one hand, the conformity of the mode of procurement with that envisaged in the FA and the Procurement Plan (PP), and on the other hand, the conformity of the procedures used with those of the BPS.
- Lastly, a specific review will have to be performed where the procurement procedure was the object of a complaint by the tenderers or where any prohibited practices are deemed to have been committed.
- By using the objectives and criteria mentioned above, the Auditor should be able to choose and examine a minimum number of contracts, representing at least 40 % of the number of contracts signed and at least 80% of the value of the contracts signed.
- Guidance on Procurement Sampling is attached (Annex C)

3.3 Methodology

The specific tasks of the procurement audit will include:

- (i) Prepare a work plan and program of the audit, key information, and checklist of the data to be gathered on the exercise. This will be followed by production of the assignment Inception Report.
- (ii) Conduct field work that will involve physical inspections of procurements involving goods, works, consultant services under the project.
- (iii) Prepare the procurement audit report following discussions of the preliminary report with all the relevant audited parties.
- (iv) Review the established institutional procurement setup to verify its appropriateness and readiness to respond and support timely and efficiently to the procurement tasks demanded by the Municipalities.
- (v) Review the adequacy of the procurement records management and establish whether the procedures, processes and documentation for procurement and contract management were in accordance with the agreed PDUL and Institutional guidelines and the project Implementation plan, and that the project procurement is carried out under the best practices to assure its economy, efficiency, and effectiveness.
- (vi) Conduct a high-level analysis of value for money to establish whether the prices charged for the works, goods and services are reasonable and comparable with market prices.
- (vii) Review and report on any identified cases of fraud and corruption by either the PDUL or bidders and contractors.
- (viii) Conduct physical inspection to verify whether goods, works or consultant services contracted were supplied completed according to the required specifications and technical standards and provide comments on the reasonableness of prices.
- (ix) In the light of deficiencies, identify possible improvements in the procurement procedures and processes and make relevant recommendations.

- (x) Review and report on the timeliness of procurement from the point of requisition to the signing and payment of contracts highlighting any stages where there are significant delays and make recommendations for their minimizing.
- (xi) Assess the timeliness of completing the works and the extent to which the works are being completed as per the contract's schedules.

3.4 Audit Plan

An Audit Plan should be proposed by the auditor in accordance with at least the following information:

Activities	Required Documentation	Responsible Person/Unit	Target Dates of Completion/Submission

3.5 Right of Access to Information

The auditor will be granted full and complete access at any given time to all procurement records and documents generated by the project for the duration of the period being audited.

The relevant UGEA staff will also fully cooperate with the auditors, willing to sit through meetings and interviews as often as necessary, for the duration of the engagement.

3.6 Audit Focal Person

An audit focal person will be appointed for purpose of defining accountability in the overall planning and implementation of the procurement audit. The procurement audit focal person shall liaise between the auditor and the units/staff responsible for the issues being studied/reviewed by the auditor, ensuring the smooth interaction of all personnel involved, while adhering to the activities and timelines spelled out in the procurement audit plan.

4. REPORTING

The auditor shall report to the PDUL Project Coordinator. The Auditor shall work closely with the Procurement Specialist of the PDUL at Central level and other relevant staff for procurement purposes.

It is responsibility of the Auditor to establish a detailed work program within the above referred time frame, taking in consideration the estimated man-month requirements. This should be guided by his professional judgement of the assignment's requirements and knowledge of the local conditions and needs.

The draft and Final Procurement Audit Reports shall be presented in the following format:

- (i) Summary of findings and recommendations.
- (ii) Outline of the audit.
- (iii) Objectives and Terms of Reference, scope, and approach.

- (iv) Finding on matters relating to procurement and the implementing unit
- (v) Project issues including specific procurements, contracts, and general issues.
- (vi) Identified potential mis-procurements and reasons for this.
- (vii) Recommendations for improvements.
- (viii) Statistical summary of the following: bidding time allowed; bids submitted; number of bids; average procurement lead time from advertising to contract signature; average contract implementation duration; the proportion of contracts that are fully performed within the original contract duration.

The Auditor is encouraged to assess the appropriateness of the suggested milestones and comment upon realistic expectations, especially with regards to the allocated time for the activities. All reports must be submitted in both soft (unlocked MS Word) and hard copies. The hard copies will be prepared in DIN A4 format. All other writing elements used typically to format such kind of document must be used. All reports shall be prepared in Portuguese language.

5. QUALIFICATIONS OF THE AUDITOR

The auditor should have a soundtrack record in conducting procurement audit of international/global organizations or public entities.

Knowledge and/or experience in World Bank procurement policies, national procurement law and regulation or other standards set forth for a specific procurement audit, is an advantage.

The leading company must contribute at least 50% of the working time. The lead company's team may be a staff member of the company or may be hired in the market, but will be contractually part of the lead company, supervised and paid by the lead company. All documentation must be presented in the technical proposal as evidence of this engagement.

Consultants may associate with other firms to enhance their qualifications, in the form of a consortium or a sub consultancy but should indicate clearly whether the association is in the form of a joint venture and or sub consultancy. However, the experience of the sub-consultant will not be considered in the evaluation for the short list.

The minimum required qualification experience of the Auditor team is:

Team Leader (1 position)

- Master degree in Procurement, Economics, Engineering, and Law, Quantity Surveying or any other relevant qualification obtained from reputable institution.
- A minimum of 15 years of professional experience in Procurement with at least 10 years in procurement under Operations funded by the World Bank Group.
- Minimum of 5 years as procurement Auditor.
- Good knowledge of IT tools as a power user.
- Good command of English as a work language and fluent in Portuguese language.

Procurement Specialist (04 positions being one for each province)

- Degree in Economics, business management, law, engineering, public administration, and related areas.

- A minimum of 7 years of professional experience in Procurement with proved experience of working for projects financed by development partners, in particular the World Bank for at least 5 years.,
- Good knowledge of national procurement system (Decree 05/2016 of 08 March) will be an advantage.
- Good knowledge of Portuguese, as a working language.

Duration of Engagement

The audit engagement will cover the Fiscal Year of 2021.

Deadlines

The deadline for the completion of the audit and the delivery of the final Audit Report and Management Letter to the project management should be **30 June 2022**.

Copies and language

The final Audit Report and Management Letter to the project management should be issued in **4 copies** with equal value for each document **in Portuguese**.

Annex A: Profile of Procurement Items

<i>Category</i>	<i>Prior Review Thresholds in MzM</i>	<i>Proposed Revised Prior Review Thresholds</i> <i>(to be completed by PS if so required and updated in the Procurement Plan)</i>
Works		
Goods		
Consulting firms		
Individual consultants		

<i>Procurement method thresholds (MzM)</i>	<i>Civil works</i>	<i>Goods</i>
NCB		
Shopping		
Direct Contracting		

<i>Shortlist comprising entirely national consultants (MzM)</i>	
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<i>Category</i>	<i>No. of Contracts Awarded in Review Period</i> <i>Review Period is (mm/dd/yyyy) to (mm/dd/yyyy)</i>					
	<i>NCB</i>	<i>Limited</i>	<i>Shopping</i>	<i>DC/SS</i>	<i>Others</i> <i>(Competitive Selection of Consultants)</i>	<i>Total</i>
Works						
Goods						
Services						
Consulting firms						
Individual consultants						
Total						

<i>Category</i>	<i>No. of Procurements Reviewed</i>					
	<i>NCB</i>	<i>Limited</i>	<i>Shopping</i>	<i>DC/SS</i>	<i>Others</i>	<i>Total</i>
Works						
Goods						
Services						
Consulting firms						

Individual consultants						
Total						

Annex B1: Worksheet for Post Review of Procurement Processes and Contract Administration for Goods/Works/Service Contracts awarded under the Shopping Procedure

<i>Date of Review:</i>	<i>Name of Reviewer:</i>	
<i>Contract No. and Date:</i>		<i>Contract Amount (MzM):</i>
<i>Contractor's Name and Address:</i>		

<i>Aspects</i>	<i>Comments and Findings</i>
Procurement Documentation (Filing)	
Reference in Procurement Plan	
Solicitation Letter issued to firms and the number of firms to whom sent	
Time allowed for submission of quotations	
Verification (not evaluation) of existence of the quotations; Names of suppliers who gave quotations	
Quotation evaluation report and date; comments, if any	
Signed Contract / Purchase Order document	
Delivery date	
“Delivery Receipt” or “Store Receipt” or like instrument	
Complaints or related matters	
Timeliness of Payments	
Indication of possible fraud or corruption	
Other matters	

Annex B2: Worksheet for Post Review of Procurement Processes and Contract Administration for Goods/Works/Service Contracts NOT Awarded under the Shopping Procedure

<i>Date of Review:</i>	<i>Name of Reviewer:</i>	
<i>Contract No. and Date:</i>		<i>Contract Amount:</i> <i>MzM</i>
<i>Contractor's Name and Address:</i>		

PROC. METHOD: ☒ NCB ☒ Limited ☐ LIB ☒ Direct Contract Others, specify: ☐ _____

CATEGORY: ☐ Goods ☒ Works Services ☐

<i>Aspects</i>	<i>Comments and Findings</i>
Procurement Documentation (Filing)	
Reference in Procurement Plan	
Advertising	
Pre/post qualification	
Bidding Document	
Time allowed for submission of bids	
Bid opening & minutes of bid opening	
Bid security records	
BER, verify existence of bids, names of bidders	
Publication of contract award	
Contract document	
Advance payment guarantee details & records	
Performance security details and records	
Complaints or related matters	
Contractual completion date	
Actual completion date	
Delivery receipt or like instrument	
Liquidated damages, details and enforcement for delays	
Timeliness of payments	

Indication of possible fraud or corruption	
Other matters	
Justification for direct contract (if applicable)	

Annex B3: Worksheet for Post Review of Procurement Processes and Contract Administration of Consultants Contracts

<i>Date of Review:</i>	<i>Name of Reviewer:</i>	
<i>Contract No and Date:</i>		<i>Contract Amount:</i> <i>MzM</i>
<i>Contractor's Name and Address:</i>		

PROC. METHOD: QCBS ☐ QBS Fixed Budget ☐ Least Cost ☐ ☐

☐ CQ Single Source ☐ Others, Specify: _____ ☐

CATEGORY: ☐ Firm ☐ Individual

<i>Aspects</i>	<i>Comments and Findings</i>
Procurement documentation (Filing)	
Reference in Procurement Plan	
Advertising	
Request for proposal	
Shortlist verify number, names etc	
Time allowed for submission of proposals	
Evaluation criteria	
Technical evaluation	
Evaluation report, and comments, if any (Verify existence of proposals)	
Financial bid opening	
Combined quality and cost evaluation	
Publication of contract award	
Signed contract document	
Advance payment guarantee etc	
Complaints or related matters	
Contractual completion date	
Actual completion date	
Outputs/Reports	
Timeliness of payments	

Indication of possible fraud or corruption	
Other matters	
Single source justification (if applicable)	

Annex B4: Worksheet for Physical Inspection

<i>Aspects</i>	<i>Comments and Findings</i>
Contract no.	
Location	
Date of visit	
Date of contract	
Contracted completion date (original)	
Actual completion date	
Contract value	
Final contract value	
Supplier/Contractor	
Arrival date at port	
Arrival date at project site/warehouse	
Scope of work	
Materials (supply and quality)	
Workmanship quality	
Construction supervision	
Time overruns	
Cost overruns	
Deficiencies/defects observed	
Timeliness of payments to contractor	
Indication of possible fraud or corruption	
Other comments	

ANNEX C - GUIDANCE ON PROCUREMENT AUDIT SAMPLING

1. General Considerations

- 1.1 The Auditor is responsible for the selection of the contracts to be reviewed based on the information provided by the Borrower and other sources. The number of contracts in the Audit sample does not necessarily have to lead to any statistically significant findings. The exercise needs to be sufficiently material to support demonstrable findings and credible recommendations.
- 1.2 The main criteria and considerations to be used in selecting the Audit sample of contracts should include the following:
 - The target database of bids/contracts should be those which have been completed -- or which were approved for 2020 and 2021 Grant fund called SDMs -- for services and for goods and equipment. Consultant contracts, which tend to last for the duration of a project.
 - The sample should cover the various procurement methods provided for in the Financing Agreement's (FA) Procurement Method (PCB – Public Competitive Bidding, LCB, Direct Procurement), taking into consideration cases of prequalification and post qualification.
 - Complexity (high, moderate, simple,) and value (high, medium, low).
 - Major pieces of equipment, and commodities, including the installation and commissioning of equipment procured under the project;
 - If there are a large number of small contracts, it may be possible to group a number of small contracts as one, for purposes of the Audit;
 - Complaints/Protest/Disputes/Claims during bidding and contract execution and how these were addressed.
 - Contracts awarded to the lowest evaluated bidder which met the qualification criteria; awarded to higher bids as the lowest bidder failed to meet the qualification criteria or for other reasons, etc.; and
 - Contract Addenda/Change Orders/Variation Orders/ amendments.
- 1.3 The above review of available data should be undertaken for contracts awarded to date under each project.
- 1.4 Distortions in the procurement process are frequently manifested in one or more of the following situations:
 - Low participation of bidders and reduced competition;
 - One or more bidders winning a disproportionate amount of contracts in a project over time;
 - Bid prices consistently over cost estimates and/or current market prices;
 - Significant number of changes from bid to contract award and to final completion; and

- Significant and recurring increases in the final contract price over the original bid price and/or the original contract price, due to contract addenda, amendments and change orders.

If patterns are identified in a series of contracts, which reflect any of the above distortions, one or more of the contracts in the series should be selected for more detailed review in the Audit sample.

- 1.5 The Auditor, during execution of the assignment, will have the flexibility to select, substitute or drop particular contract(s) if an alternative line of investigation is judged more effective in generating conclusions. However, it should not be the response to the lack of access to the required documentation.
- 1.6 In order to address the main areas mentioned above, it may be necessary to develop a set of ad hoc Audit techniques involving initial and final documentary reviews which are described in the sections following hereon.

2. Initial Documentary Review

- 2.1 It may be useful to develop a standard "Contract Data Sheet" to perform the initial documentary review. For each of the selected contracts, key information should be gathered based on documents obtained from the Executing Agency (UGEAs) procurement methods and procedures (solicitation documents; pre-qualification questionnaires/ bids/ technical and financial proposals; evaluation reports; signed contracts; contract addenda, change orders, amendments, claims, payment certificates, acceptance certificates, etc.), as well as from the Bank Staff Project Appraisal Reports (PARs) and Financing Agreements (Loan Agreements/ Grant Protocol Agreements) available from the EA.
- 2.2 The aim of this initial review is not necessarily to find all the information which will be needed for the purpose of the Audit, but rather to collect and compile key procurement data to the greatest extent possible, based on documents made available to the Auditor. In some instances, specific contract information may not be found through the review. This may be retrieved during later phases of the Audit or identified as a deficiency in the information trail of the project. In any similar situation, the Auditor will report on the absence of any documentation due to either a poor filing system, or to voluntary retention from the UGEA. In cases of voluntary retention from the UGEA, the situation should be reported to the PDUL - PIU.
- 2.3 The data sheet should include factual indicators related to the procurement of goods, works, non-consulting and consulting services for each bid or proposal and to the execution of the awarded contract. Presented in a comparative manner, this basic information provides the starting point for assessing performance and for identifying patterns, potential deviations, or cases of non-conformities.

3. Further Documentary Reviews

- 3.1 For all contracts in the review sample, the Audit would specifically review:

- Solicitation¹ documents to assess the compliance of these documents with the Borrower's procedures and the timeliness of the Procurement Plan;
- Prequalification, bid and proposals evaluation reports to verify the compliance of the UGEA evaluation with the solicitation documents and the timeliness of the decision process;
- Signed contracts to verify their consistency with the bidding documents;
- The time lags between key events to assess the time effectiveness of the procurement process in relation to the approved Procurement Plan in the FA. The requisite authority's approval at each stage of the process should be specifically analyzed to assess the timeliness and comprehensiveness of the Borrower's review, particularly regarding omissions or deviations in the Borrowers' documents which were picked up or missed; and
- OCB (National), LCB, other methods and procedures used in the project(s) together with the national review comments and "no objections" in accordance with the Borrowers Procurement Laws and Regulations.

4. Documentary Checks of Contract Performance

4.1 In addition to the documentary review mentioned above, specific file checks should be performed at the UGEA premises. The main objective of this additional control is to evaluate the performance of contracts awarded and to assess their degree of compliance with agreed requirements and technical specifications (e.g., test, inspection certificates), payment terms and timely performance. This review should cover about half of the contracts reviewed and focus on the following items:

- Quantitative and qualitative changes in contract scope: Based on the information included in the contract data sheets, change orders should be reviewed in order to assess their compliance with the Borrower's procedures;
- Status of deliveries: The dates of the different deliveries agreed in each contract should be checked and any discrepancy noted. In appropriate instances, the final destination of deliveries should also be verified;
- Status of payments: Evidences of payments by the EA for all the selected contracts should be checked. Payment information should also be used to cross check and to confirm the date of contract completion; and
- Quality documentation: The Auditor should also check the availability of quality documentation mentioned in each contract, such as certificates, inspections performed and laboratory tests.

5. Physical Verification of Goods and Civil Works

5.1 Physical inspections should normally cover about one third of the contracts reviewed and could include the contracts for which documentary/file checks were carried out. Depending

¹ Solicitation documents include prequalification and bidding documents, requests for proposals (RFPs), requests for quotations (RFQs).

on the type of goods, works and non-consulting services, the following types of inspections should be performed as appropriate:

- Standard physical inspections of goods/installations: Quality control (conformity with technical specifications stipulated in the contract) and confirmation that quantities were delivered;
- Spot physical inspections of a sample of goods delivered: Such inspections should be complemented by documentary checks to confirm the delivery of quantities specified in the contract and to assess quality compliance;
- Spot physical inspections of goods/installations delivered: Such inspections should be complemented by documentary checks on use/Installation of goods received and the different locations; and
- On site visits to civil works: Field visits should be undertaken to verify the status of works or to confirm their completion. Documentary checks (certificates of acceptance/ completion, defects list, tests, etc.) should also be made.