

## Terms of Reference for Expenditure Verification

### 1. Key Events and dates

1.	Inviting Authority	International Planned Parenthood Federation, South Asia Regional Office
2.	Job Requirement	Engage an 'Auditor' to - perform project Final expenditure verification of Family Planning Association of Nepal for the period 1 January 2016 to 28 <sup>th</sup> February 2017,  In connection with a European Commission financed grant contract for external actions concerning 'External Actions of the European Union, DCI-NSAPVD/2013/287-085' (the 'Grant Contract').
3.	Publication of the ToR	15 <sup>th</sup> May, 2017
4.	Contact person for clarification	Mr. Umesh Raj Pandey Director, Finance Family Planning Association of Nepal Pulchowk, Nepal
5.	Last date for submission of Bids	Up to 30 <sup>th</sup> May, 2017 till 5:00 PM at the office of FPAN. The bid should be submitted in sealed envelopes.
6.	Announcement of the selected bidder	The successful agency shall be informed about the decision and contracting formalities by the 5 <sup>th</sup> June 2017

Where in this ToR the 'Contracting Authority' is mentioned this refers to the European Commission which has signed the Grant Contract with the Beneficiary (i.e. IPPF and all other implementing partners as listed below) and is providing the grant funding. The Contracting Authority is not a party to this engagement.

## 2. Project Background

**Name of the Project** Strengthening MDG 5a and 5b in South Asia: Creating Champions and Momentum for Progress in Sexual and Reproductive Health and Right

**Implementing Partners** International Planned Parenthood Federation South Asia Regional Office and 9 Member Associations (Afghanistan, Bangladesh, India, Iran, Maldives, Nepal, Pakistan, Bhutan and Sri Lanka) in the Region

Specifically, the project aims to increase political support for SRHR and advancement of MDG 5a and 5b in nine countries in South Asia and strengthen the capacity of a civil society network to influence supportive political change. Approaches to be adopted to achieve the above are:

- 1- Build advocacy capacity of CSOs in nine countries
- 2- Increase voice and profile of SRHR
- 3- Engaging in national and regional advocacy
- 4- Creating Parliamentarian and youth champions

The expected results are

- 1- Increased commitment of parliamentarians and policy makers in 9 South Asian countries to sexual and reproductive health and rights (SRHR).
- 2- Enhanced capacity of networks of civil society organizations in South Asia to influence political change in favour of SRHR nationally and regionally
- 3- Improved legislation and funding in favour of SRHR in at least 5 South Asian countries and well as regional legislative improvement,
- 4- Increased uptake of SRH services by all people, particularly the most marginalized and vulnerable in 9 South Asian countries.

Apart from member associations in South Asia, IPPF SARO has partnered with AFPPD to implement the project initiatives. Some of the key activities under these initiatives are: -

- Political mapping of SRHR situation;
- identifying and training Parliamentarians to influence policy decision relating to SRHR;
- Establishment/strengthening of National Civil Society Partnership Platforms (NCSPPs);
- Establishment of a Regional Committee (RC) and preparing Regional Charter of Principle and Plan of Action for regional commitment to SRHR;
- Establishment of a South Asian Women Leaders' Network and training provided; identifying and engaging with youth and media champions;
- Advocacy with regional political bodies for reaffirming the commitment for SRHR in the member countries and Development and endorsement of a regional Programme of Action on SRHR.

## 3. Responsibilities of the Parties to the Engagement

**'The Beneficiary'** refers to the organization including its associates/ branches that receive the grant funding and that have signed the Grant Contract with the Contracting Authority.

- The Beneficiary is responsible for providing a Financial Report for the Action financed by the Grant Contract and for ensuring that this Financial Report can be properly reconciled to the Beneficiary's accounting and bookkeeping system and to the underlying accounts and records.
- The Beneficiary accepts that the ability of the Auditor to perform the procedures required by this engagement effectively depends upon the Beneficiary, and as the case may be its partners, providing full and free access to the Beneficiary's staff and its accounting and other relevant records.

**The Auditor'** refers to the firm/ individual who is responsible for performing the agreed-upon procedures as specified in this ToR, and for submitting a report of factual findings to the Contracting Authority after taking a feedback of the implementing partners on their findings.

#### 4. Project Funding Allocation

The overall funding allocation under the ‘Strengthening MDG 5a and 5b in South Asia: Creating Champions and Momentum for Progress in Sexual and Reproductive Health and Right’ in Family Planning Association of Nepal is provided in the table below:

Name of Partner/ Implementing partners	1 Jan 2016 to 28 <sup>th</sup> February 2017 (EURO)	1 Jan 2016 to 28 <sup>th</sup> February 2017 (USD)
FPAN	57,532	63,486

The detailed budgets and utilization and contracts are available; the same will be shared with the Auditor.

#### 5. Subject of the Engagement

The subject of this engagement is the Financial Report in connection with the Grant Contract for the period covering 1<sup>st</sup> January 2016 to 28<sup>th</sup> February 2017. The information, both financial and non-financial, which is subject to verification by the Auditor, is all information which makes it possible to verify that the expenditure claimed by the Beneficiary in the Financial Report has occurred, and is accurate and eligible. Annex 1 to these ToR contains an overview of key information about the Grant Contract and the action concerned.

#### 6. Reason for the Engagement

The Beneficiary is required to submit to the Contracting Authority an expenditure verification report produced by an external auditor in support of the payment requested by the Beneficiary under Article 15 of the General Conditions of the Grant Contract. The Authorizing Officer of the Commission requires this report as he makes the payment of expenditure requested by the Beneficiary conditional on the factual findings of this report.

#### 7. Engagement Type and Objective

This constitutes an engagement to perform specific agreed-upon procedures regarding an expenditure verification of a European Community financed grant contract for external actions. The objective of this expenditure verification is for the Auditor to verify that the expenditure claimed by the Beneficiary in the Financial Report for the action financed by the Grant Contract has occurred (‘reality’), is accurate (‘exact’) and eligible and to submit to the Beneficiary a report of factual findings with regard to the agreed-upon procedures performed. Eligibility means that the funds provided by the grant have been spent in accordance with the terms and conditions of the Grant Contract.

As this engagement is not an assurance engagement the Auditor does not provide an audit opinion and expresses no assurance. The Contracting Authority derives its assurance by drawing its own conclusions from the factual findings reported by the Auditor on the Financial Report and the payment request of the Beneficiary relating thereto.

#### 8. Scope of Work

8.1. The Auditor shall undertake this engagement in accordance with this Terms of Reference and:

- *in accordance with the International Standard on Related Services (‘ISRS’) 4400 Engagements to perform Agreed-upon Procedures regarding Financial Information as promulgated by the IFAC;*
- *In compliance with the Code of Ethics for Professional Accountants issued by the IFAC. Although ISRS 4400 provides that independence is not a requirement for agreed-upon procedures engagements, the Contracting Authority requires that the auditor also complies with the independence requirements of the Code of Ethics for Professional Accountants.*

8.2. Terms and Conditions of the Grant Contract

The Auditor verifies that the funds provided by the grant were spent in accordance with the terms and conditions of the Grant Contract as required under Article 1.2 of the Special Conditions of the Grant Contract.

8.3. Planning, procedures, documentation and evidence

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The Auditor should plan the work so that effective expenditure verification can be performed. For this purpose, he performs the procedures specified in Annex 2 of these ToR ('Scope of Work – Procedures to be performed') and he uses the evidence obtained from these procedures as the basis for the report of factual findings. The Auditor should document matters which are important in providing evidence to support the report of factual findings, and evidence that the work was carried out in accordance with ISRS 4400 and these ToR.

#### **9. Deliverables**

The report on this financial review should describe the purpose and the agreed-upon procedures of the engagement in sufficient detail to enable the Implementing Partner and the Contracting Authority to understand the nature and extent of the procedures performed by the Auditor. The auditor is expected to submit the following expenditure verification reports (in the format provided at Annexure 2):

- Expenditure verification report for the budget utilized by Family Planning Association of Nepal for the period 1<sup>st</sup> January 2016 to 28<sup>th</sup> February 2017.

#### **10. Schedule for the Verification**

IPPF SARO wishes to contract a suitable agency/ consultant latest by 5<sup>th</sup> of June 2017 with immediate commencement of the verification. The estimated time to be taken to complete the verification should not exceed 15 calendar days from the date of commencement, with the final report to be submitted by the 20<sup>th</sup> June 2017.

Team deployment/ associations by the auditor must be worked out keeping the above timelines in mind.

#### **11. Responsibilities of the engagement parties**

- The Implementing party and its partners shall provide full and free access to their staff and accounting and other relevant programmatic records, as requested by the auditors. An indicative list of documents is listed below:
  - Restricted Funding agreement and all related amendments;
  - Financial and Programmatic reports submitted to IPPF SARO
  - Others regular monitoring of the project at the Member Association level;
  - Supporting schedules to the financial statements including break-up of income and expenditure, assets and liabilities, fund balance, etc.;
  - Books of Accounts for the Project (including but not limited to the General ledger, cash book, bank book, asset registers, etc.);
  - Supporting documentation to all reported income/ expenditures (invoices, supporting documentation for all procurement undertaken under the project, payrolls, bank vouchers, journal vouchers etc.);
  - Relevant Bank statements and reconciliation statements prepared;
  - Important correspondence between Implementing Partners and the Contracting authority pertaining to grant implementation matters;
  - Financial procedures manuals, systems descriptions or any other documentation explaining the processes contributing to the production of reliable financial reports and maintaining internal control;
  - Minutes of management meetings;

The information, both financial and non-financial, which is subject to verification by the Auditor, is all information which makes it possible to verify that the expenditure claimed by the Implementing Partner/ Contracting authority in the Financial Report has occurred, and is accurate and eligible. The period under review is from **01<sup>st</sup> January 2016 to February 28, 2017.**

#### **12. Criteria for Auditor selection**

The proposals will be evaluated sequentially – technical evaluation, followed by financial evaluation; those firms that score a minimum of 70 marks shall stand technically qualified. The firm with the lowest quote out of those technically qualified shall be shortlisted for undertaking the expenditure verification.

The technical proposals will be evaluated based on the following criteria:

No	Technical Evaluation Criteria	Max Marks
1.	Organizational Strengths – <ul style="list-style-type: none"> <li>Whether earlier Associated with IPPF or Similar Association</li> <li>Qualified professional staff strength</li> <li>Global Presence working in other countries</li> </ul>	6
2.	Project Experience- <ul style="list-style-type: none"> <li>Experience in EU or Similar Nature Multi-national project</li> </ul>	24
3.	Project Approach <ul style="list-style-type: none"> <li>Project Understanding</li> <li>Project Approach &amp; Methodology</li> <li>Project Plan</li> </ul>	10 15 15
4.	Quality of Manpower for the Project including their time commitment on the project	30

### 13. Payment Terms

The payment terms for the assignment shall be:

- 30% on signing of the Agreement
- 40% on sign off (by IPPF SARO) of the expenditure verification report of IPPF SARO.
- 30% on sign off (by IPPF SARO) of the Consolidated expenditure verification report submitted

### 14. Deadline for submission of proposal

Responses to this Request for Proposals should be received only by courier with subject; “**Strengthening MDG 5a and 5b in South Asia: Creating Champions and Momentum for Progress in Sexual and Reproductive Health and Right**” no later than 30<sup>th</sup> May, 2017. Proposals delivered and/or received after this deadline will not be considered and will be marked as disqualified. Technical and financial proposals should be prepared as per the given proposal format (Appendix 3). The technical proposal **should** be sent both in hard and soft copy. The financial proposal must be sent in hard copy only.

Proposals should be addressed to:

Mr. Umesh Raj Pandey

Director, Finance

Family Planning Association of Nepal

Pulchowk, Nepal

E-mail: [umesh@fpan.org.np](mailto:umesh@fpan.org.np)

Note: Any Clarification, if required may be sought by e-mail only.

## Annex 1: Information about the Subject of the Expenditure Verification

### Information about the Subject of the Expenditure Verification

Reference number and date of the Grant Contract	DCI-NSAPVD/2013/287-085	
Grant contract title	External Actions of the European Union	
Country	Bangladesh, India, Nepal, Pakistan, Afghanistan, Iran, Maldives, Sri Lanka & Bhutan	
Beneficiary	<b>Name</b>	<b>Address</b>
	Family Planning Association of Nepal	Harihar Bhawan, Lalitpur
Scope of work	<p>1. perform project interim expenditure verification of Family Planning Association of Nepal for the period 1<sup>st</sup> January 2016 to 28<sup>th</sup> February 2017, In connection with a European Commission financed grant contract for external actions concerning 'External Actions of the European Union, 'DCI NSAPVD/2013/287-085' (the 'Grant Contract').</p> <p><i>(Note: It is up to the potential firms/ agencies whether they would like to submit proposal for one MA or all 9 countries or selected countries however if you applied for more than one country, you must separately quote for each country. In case the evaluation committee decides to allocate, one country or a select list of countries out of the ones bid by your firm, the decision of the evaluation committee shall be binding on the selected firm/ agency.)</i></p>	
Budget line Grant Contract	5.3 Expenditure verification	
Start date of the Action	5 <sup>th</sup> June 2017	
End date of the Action	20 <sup>th</sup> June 2017	

## **Annex 2: Scope of Work – Procedures to be performed**

The Auditor designs and carries out his verification work programme in accordance with the objective and scope of this engagement and the procedures to be performed as specified below. When performing these procedures, the Auditor may apply techniques such as inquiry and analysis, (re)computation, comparison, other clerical accuracy checks, observation, inspection of records and documents, inspection of assets and obtaining confirmations.

The Auditor obtains sufficient appropriate verification evidence from these procedures to be able to draw up a report of factual findings. For this purpose, the Auditor can refer to the guidance provided by International Standard on Auditing 500 “Audit Evidence” and by the paragraphs relating to ‘sufficient appropriate audit evidence’. The Auditor exercises professional judgment as to what is sufficient appropriate verification evidence where he believes that the guidance provided by ISA 500, the terms and conditions of the Grant Contract and the ToR for this engagement are not sufficient.

The General Conditions of the Grant Contract (‘General Conditions’) and notably Article 16.3 thereof provide an indicative list of the types and nature of evidence that the Auditor may often find in expenditure verifications. This may vary depending on the nature of the expenditure and the practices in the country concerned.

### **1. Obtaining a sufficient Understanding of the Action and of the Terms and Conditions of the Grant Contract**

The Auditor obtains a sufficient understanding of the terms and conditions of the Grant Contract by reviewing the Grant Contract and its annexes and other relevant information, and by inquiry of the Beneficiary. The Auditor ensures that he obtains a copy of the original Grant Contract (signed by the Beneficiary and the Contracting Authority) with its annexes. The Auditor obtains and reviews copies of the interim Narrative Report (Annex VI of the Grant Contract).

The Auditor pays attention to Annex I of the Grant Contract, which contains the Description of the Action, Annex II (General Conditions) and Annex IV, which provides rules for procurement (including nationality and origin rules) by grant beneficiaries in the context of EC external actions. Failure to comply with these rules makes expenditure ineligible for Community financing. These procurement rules apply to all grant contracts but depending on the legal basis for the grant contract (for example TACIS, ALA and Food Aid) nationality and origin rules may vary. The Auditor should ensure with the Beneficiary that the applicable nationality and origin rules are identified and understood. Applicable rules of nationality and origin are set out, for each legal basis, in Annex A2 to the Practical Guide<sup>1</sup> to contract procedures for external actions of the European Communities. If the Auditor finds that the terms and conditions to be verified are not sufficiently clear he should request clarification from the Beneficiary.

### **2. Procedures to verify the Eligibility of Expenditure Claimed by the Beneficiary in the Financial Report for the Action**

#### **2.1 General Procedures**

2.1.1 The Auditor verifies that the Financial Report complies with the conditions of the Grant Contract notably with Article 2 of the General Conditions (including format and language).

2.1.2 The Auditor examines whether the Beneficiary has complied with the rules for accounting and record keeping of the Grant Contract notably with Article 16 of the General Conditions. The purpose of this is:

- To assess whether an efficient and effective expenditure verification of the Financial Report is feasible; and
- To report important exceptions and weaknesses about accounting, record keeping and documentation requirements so that the Beneficiary can undertake follow-up measures for correction and improvement for the remaining implementation period of the Action.

2.1.3 The Auditor reconciles the information in the Financial Report to the Beneficiary’s accounting system and records (e.g. trial balance, general ledger accounts, sub ledgers etc.).

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<sup>1</sup> See [http://europa.eu.int/comm/europeaid/tender/gestion/index\\_en.htm](http://europa.eu.int/comm/europeaid/tender/gestion/index_en.htm)

2.1.4 The Auditor verifies that the correct exchange rates have been applied for currency conversions where applicable and in accordance with the conditions of the Grant Contract Notably Article 15.9 of the General Conditions.

2.1.5 The Auditor shall verify consolidated financial reports (objective wise) of 9 Member Associations (Bangladesh, India, Maldives, Nepal, Iran, Afghanistan, Pakistan, Bhutan and Sri Lanka) in the Region and SARO.

## **2.2 Conformity of Expenditure with the Budget and Analytical Review**

The Auditor carries out an analytical review of the expenditure headings in the Financial Report and:

- Verifies that the budget in the Financial Report corresponds with the Budget of the Grant Contract (authenticity and authorization of the initial Budget) and that the expenditure incurred was foreseen in the budget of the Grant Contract.
- Verifies that the total amount claimed for payment by the Beneficiary does not exceed the maximum grant laid down in Article 3.2 of the Special Conditions of the Grant Contract.
- Verifies that any amendments to the Budget of the Grant Contract comply with the conditions for such amendments (including where applicable the requirement for an addendum to the Grant Contract) as set out in Article 9 of the General Conditions.
- Verifies that the conditions for profit in Article 17.3 of the General Conditions were respected.

## **2.3 Selecting Expenditure for Verification**

### **2.3.1 Expenditure Headings, Subheadings and Items**

The expenditure claimed by the Beneficiary in the Financial Report is presented under the following expenditure headings: *1 Human Resources, 2 Travel, 3 Equipment and Supplies, 4 Local office, 5 other costs, services, 6 other, 8 Provision for Contingencies Reserve and 10 Administrative Cost.* Expenditure headings can be broken down into expenditure subheadings such as for example *1.1 Salaries.*

Expenditure subheadings can in principle be broken down into individual expenditure items or classes of expenditure items with the same or similar characteristics. The form and nature of the supporting evidence (e.g. a payment, a contract, an invoice etc.) and the way expenditure is recorded (i.e. journal entries) vary with the type and nature of the expenditure and the underlying actions or transactions. However, in all cases expenditure items reflect the accounting (or financial) value of underlying actions or transactions no matter the type and nature of the action or transaction concerned.

### **2.3.2 Selecting Expenditure Items**

Value should be the primary factor used by the Auditor to select expenditure items or classes of expenditure items for verification. The Auditor selects high value expenditure items to ensure an appropriate coverage of expenditure.

Moreover, the Auditor uses his judgment to select specific expenditure items or classes of expenditure items. The Auditor may use factors such as his knowledge of the action and the characteristics of the expenditure categories, classes and items being verified such as for example expenditure items that are unusual or inherently risky or error prone.

## **2.4 Verification of Expenditure**

The Auditor verifies the expenditure and reports all the exceptions resulting from this verification. Verification exceptions are all verification deviations found when performing the procedures set out in this Annex. In all cases the Auditor assesses the (estimated) financial impact of exceptions in terms of ineligible expenditure. For example: if the Auditor finds an exception with regard to procurement rules he assesses to which extent this exception has led to ineligible expenditure. The Auditor reports all exceptions found including the ones of which he cannot measure the financial impact. Having selected the expenditure items the Auditor verifies them by testing for the criteria set out below.

### **2.4.1 Eligibility of Direct Costs**



The Auditor verifies the eligibility of direct costs with the terms and conditions of the Grant Contract Notably Article 14 of the General Conditions. He verifies that these costs:

- Are necessary for carrying out the action. In other words, the Auditor verifies that expenditure for a transaction or action has been incurred for the intended purpose of the action and that it has been necessary for the activities and objectives of the action. The Auditor further verifies that the direct costs are provided for in the Grant Contract Budget and comply with the principles of sound financial management, in particular value for money and cost effectiveness;
- have actually been incurred by the Beneficiary or his partners during the implementation period of the Action as defined in Article 14.1 of the General Conditions;
- Are recorded in the accounts of the Beneficiary and are identifiable, verifiable and substantiated by originals of supporting evidence.

The Auditor also considers non-eligible costs as described in Article 14.6 of the General Conditions. In this respect, the Auditor verifies in particular whether expenditure includes certain taxes, including VAT. If this is the case the Auditor verifies whether the Beneficiary (or, where applicable the partners) cannot reclaim these taxes and whether the applicable regulations, rules and practices in the country concerned allow the coverage of these taxes in the expenditure.

#### 2.4.2 Accuracy and Recording

The Auditor verifies that expenditure for a transaction or action has been accurately and properly recorded in the Beneficiary's accounting system and the Financial Report and that it is supported by appropriate evidence and supporting documents. This includes proper valuation and the use of correct exchange rates.

#### 2.4.3 Classification

The Auditor verifies that expenditure for a transaction or action has been classified under the correct heading and subheading of the Financial Report.

#### 2.4.4 Reality (occurrence / existence)

The Auditor exercises professional judgment to obtain sufficient appropriate verification evidence as to whether the expenditure has occurred (reality and quality of the expenditure) and - where applicable - assets exist. The Auditor verifies the reality and quality of the expenditure for a transaction or action by examining proof of work done, goods received or services rendered on a timely basis, at acceptable and agreed quality and at reasonable prices or costs.

#### 2.4.5 Compliance with Procurement, Nationality and Origin Rules

The Auditor examines which procurement, nationality and origin rules apply for a certain expenditure heading, subheading, a class of expenditure items or an expenditure item. The Auditor verifies whether the Beneficiary has complied with such rules and whether the expenditure concerned is eligible. Where the Auditor finds issues of non-compliance with procurement rules, he reports the nature of such events as well as their financial impact in terms of ineligible expenditure.

#### 2.4.6 Administrative (indirect) costs

The Auditor verifies that the administrative (indirect) costs (heading 10 of the Financial Report) do not exceed a maximum of 7% of the total direct eligible costs of the action (Article 14.3 of the General Conditions).

2.4.7 The Auditor verifies that contingencies (heading 8 of the Financial Report) do not exceed 5% of the total eligible costs (direct and indirect) of the Action (Article 14.4 of the General Conditions).

### 2.5 Verification Coverage of Expenditure

The Auditor applies the principles and criteria set out below when planning and performing the procedures for expenditure verification of Sections 2.3 and 2.4 above. This allows the Auditor to rationalize his verification work.

Verification by the Auditor and verification coverage of expenditure items does not necessarily mean a complete and exhaustive verification of all the expenditure items that are included in a specific expenditure heading or subheading. The Auditor should ensure a systematic and representative verification but depending on certain

conditions (see further below) the Auditor may obtain satisfactory verification results for an expenditure heading or subheading by looking at a limited number of selected expenditure items.

The Auditor may apply statistical sampling techniques for the verification of one or more expenditure headings or subheadings of the Financial Report. For this purpose, the Auditor examines whether the 'populations' (i.e. expenditure subheading or classes of expenditure items within an expenditure subheading) are suitable and sufficiently large (i.e. they should be made up of a large amount of items) for effective statistical sampling. This enables the Auditor to obtain and evaluate verification evidence to form a conclusion on the total of the population from which the sample is drawn. The Auditor may refer to IFAC International Standard on Auditing 530 'Audit sampling and other selective testing procedures' for guidance.

#### 2.5.1 Expenditure Coverage Ratio ('ECR')

**2.6** The Expenditure Coverage Ratio ('ECR') represents the total amount of expenditure verified by the Auditor expressed as a percentage of the total amount of expenditure reported by the Beneficiary in the Financial Report and claimed by the Beneficiary for deduction from the total sum of pre-financing under the Grant Contract. This amount is reported in Annex V of the Grant Contract. The Auditor ensures that the overall ECR is at least 65%. The Auditor selects expenditure items (see Section 2.3). If s/he finds an exception rate of less than 10% of the total amount of expenditure verified (i.e. 65 %) the Auditor finalizes verification procedures and continues with reporting. If the exception rate found is higher than 10% the Auditor extends verification procedures until the ECR is at least 85%. The Auditor then finalizes verification procedures and continues with reporting regardless of the total exception rate found. **Verification of Revenues of the Action**

The Auditor verifies that revenues (including inter alia grants and funding received from other donors and revenue generated by the Beneficiary in the context of the action) have been appropriately allocated to the action subject of the Grant Contract and correctly disclosed in the Financial Report. As this engagement is not an audit the Auditor is not requested to assess the completeness of revenues.

## **Annex 3: Report of Factual Findings for Expenditure Verification of an EC financed Grant Contract for External Actions**

*(To be printed on letterhead paper of the Auditor)*

<Name of contact person(s)>, < Position>

< **Beneficiary's name**>

<Address>

<dd Month yyyy>

Dear <Name of contact person(s)>

In accordance with our contract dated <dd Month yyyy> with <name of the Beneficiary> “the Beneficiary” and the terms of reference attached thereto (Annex 1 of this report), we provide our Report of Factual Findings (“the Report”), with respect to the accompanying Financial Report you provided for the period covering <dd Month yyyy - dd Month yyyy> (Annex 2 of the Report). You requested certain procedures to be carried out in connection with the Grant Contract concerning [title and number of the contract], the ‘Grant Contract’. The Report consists of this letter and the Report details set out in Chapters 1 and 2.

### **Objective**

Our engagement was an engagement to perform agreed-upon procedures regarding the expenditure verification of the grant contract between you and < the European Commission or the name of another contracting authority> the ‘Contracting Authority’. It involved performing certain specified procedures, the results of which the Contracting Authority uses to draw conclusions from the procedures performed by us.

The objective of this expenditure verification is for the Auditor to verify that the expenditure claimed by the Beneficiary in the Financial Report for the action financed by the Grant Contract has occurred (‘reality’), is accurate (‘exact’) and eligible and to submit to the Beneficiary the Report with regard to the agreed-upon procedures performed. Eligibility means that the funds provided by the grant were spent in accordance with the terms and conditions of the Grant Contract.

### **Scope of Work**

Our engagement was undertaken in accordance with:

- The terms of reference in Annex 1 to this Report and:
- International Standard on Related Services (‘ISRS’) 4400 *Engagements to perform Agreed-upon Procedures regarding Financial Information* as promulgated by the International Federation of Accountants (‘IFAC’);
- The *Code of Ethics for Professional Accountants* issued by the IFAC. Although ISRS 4400 provides that independence is not a requirement for agreed-upon procedures engagements, the Contracting Authority requires that the auditor also complies with the independence requirements of the *Code of Ethics for Professional Accountants*;

As requested, we have only performed the procedures set out in the terms of reference for this engagement and we have reported our factual findings on those procedures in Chapter 3 of this Report.

The scope of these agreed upon procedures has been determined solely by the Contracting Authority and the procedures were performed solely to assist the Contracting Authority in evaluating whether the expenditure claimed by the Beneficiary in the accompanying Financial Report has occurred (‘reality’), is accurate (‘exact’) and eligible.

Because the procedures performed by us did not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the accompanying Financial Report.

Had we performed additional procedures or had we performed an audit or review of the financial statements of the Beneficiary in accordance with International Standards on Auditing, other matters might have come to our attention that would have been reported to you.

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## Sources of Information

The Report sets out information provided to us by the management of the Beneficiary in response to specific questions or as obtained and extracted from the Beneficiary's information and accounting systems. In addition, we received verbal representations from the Beneficiary's management which we did not obtain in writing [delete if received in written form.]

## Factual Findings

The total expenditure which is the subject of this expenditure verification amounts to <xxxxxx>.

The Expenditure Coverage Ratio is <xx%>. This ratio represents the total amount of expenditure verified by us expressed as a percentage of the total expenditure which has been subject of this expenditure verification. The latter amount is equal to the total amount of expenditure reported by the Beneficiary in the Financial Report (Annex 2) and claimed by the Beneficiary for deduction from the total sum of pre-financing under the Grant Contract as per the beneficiary's Request for Payment of <dd Month yyyy>.

Based on the agreed-upon procedures that we performed we found that expenditure amounting to <xxxx> is not eligible. The details of our factual findings including a summary table of the expenditure that is not eligible are presented in Chapter 2 of this Report.

## Use of this Report

This Report is solely for the purpose set forth in the above objective.

This report is prepared solely for the confidential use of the Beneficiary and the Contracting Authority and solely for the purpose of submission to the Contracting Authority in connection with the requirements as set out in Article 15 of the General Conditions of the Grant Contract. This report may not be relied upon by the Beneficiary or by the Contracting Authority for any other purpose, nor may it be distributed to any other parties. The Contracting Authority may only disclose this Report to others who have regulatory rights of access to it in particular the European Commission [*Delete if the Commission is the Contracting Authority*], the European Anti-Fraud Office and the European Court of Auditors.

This Report relates only to the Financial Report specified above and does not extend to any financial statements of the Beneficiary.

We look forward to discussing our Report with you and would be pleased to provide any further information or assistance which may be required.

Yours sincerely

<dd Month yyyy>

<Name of the Auditor>

## Template for Financial report

Project Name	
Project Funded By	
Reporting Period	
Name of MAs/ RO	

## Fund Balance for the project for the period ending February 28, 2017

Particulars	USD (\$)	EURO	Local Currency
Grant Received (kindly provide list of all receipts and conversion rates)			
<b>Add:</b> Local Income Generated (provide breakup between bank interest, service fee, sale of contraceptives, etc. – also year wise)			
<b>Less:</b> Expenditure Incurred till reporting Period (kindly provide year wise break up)			
<b>Fund Balance as on February 28, 2017</b>			

**Budget vs. Actual for the project for period from 1<sup>st</sup> January 2016 to 28<sup>th</sup> February 2017**

Objective/ Activity	Budget		Expenditure		Variance			Reasons for Variance <sup>2</sup>
	USD	Local Currency	USD	Local Currency	USD	Local Currency	(%)	

<sup>2</sup> Wherever more than 10%

## Statements of Ineligible Expenditure for the Project

SN	Name of Objective/ Activity <sup>3</sup>	Number & Date of Voucher <sup>4</sup>	Type of Expense <sup>5</sup>	Amount (Local Currency)	Amount (US\$)	Reason for ineligibility <sup>6</sup>

<sup>3</sup> Write the name of the objective and activity as per the approved budget

<sup>4</sup> Write the number and date of the voucher

<sup>5</sup> Write expense details

<sup>6</sup> State reason why expenditure is ineligible

## Factual Findings details

SN	Findings <sup>7</sup>	Implication <sup>8</sup>	Management Response <sup>9</sup>

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<sup>7</sup> Findings of the Auditors

<sup>8</sup> The possible impact of the weakness/ issue identified by the auditors (both from a financial and non-financial perspective)

<sup>9</sup> Implementing Partner/ Beneficiaries are required to state the extent to which they agree or disagree with the finding indicated above and actions that they propose to take to address the issue identified. In case of disagreement with auditor's comment – valid reason for the same must be provided



Attachment # 4

Financial Report of.....

Contract n° DCI – NSAPVD/2013/287-085									
Implementation period of the contract (01/03/2014-28/02/2017)									
Financial report: Period (01/01/2016- 28/2/2017)	Budget as per contract/addendum				Reallocation	(Name of MA)			
						Name of currency -----			
						Exchange rate of the period (1/1/2016-28/2/2017):			Fx-rate=
Expenditures	Unit	# Units	Unit cost (in EUR)	Costs (in EUR)	Allowed reallocation (Article 9.2 of the GC)	# Units	Unit cost (in currency) *	Total cost (in currency NPR)	Total cost (in EUR)
		(a)	(b)	(a)*(b)					

Attachment # 5

Expenditure Coverage Ratio (ECR)

SL#	Head of Accounts as per Budget line	Budget Amount (EURO)	Expenditure Amount (EURO)	Expenditure Verified	ECR %
1	Human Resources				
2	Travel				
3	Equipment and Supplies				
4	Local Office				
5	Other Costs, Services				
6	Other				
7	<b>Subtotal (1-6)</b>				
8	Provision for contingency reserve				
9	Total				
10	Administrative costs/ Overhead				
11	<b>Total eligible costs (9+10)</b>				

## TECHNICAL PROPOSAL FORMAT

### 1. Table of Contents

### 2. Relevant Experience

Kindly give details of similar services (a minimum of 5 in the past 5 years) offered and provided by your firm to not for profit including liaison offices

### 3. Comments and Suggestions

*Please clearly identify input required from IPPF SARO on the proposed scope of work and on the data, services, facilities or other inputs*

### 4. Overall Approach & Methodology plan (technical content)

This section should include your overall approach and methodology in undertaking the given tasks identified under the scope of work section of this TOR. Details of your approach and methodology must be provided under the following broad headings:

- a) Preplanning
- b) Planning and timing
- c) Field work
- d) Reviews and wrap-up
- e) Report issuances
- f) Commitment to ensuring quality
- g) Use of Technology

### 5. Engagement team

*Kindly write about the structure of team that you propose to engage in this assignment with their roles and qualification under the following broad headings*

- a) Engagement Team structure
- b) Engagement team roles and qualification

The resumes of key personnel not exceeding 2 pages each must be provided highlighting their qualification and areas of expertise that best demonstrates their suitability to the work that is required to be undertaken under this Terms of Reference.

In addition, please provide a team deployment plan clearly highlighting time commitment of key personnel and other proposed team members for the verification.

Please provide any additional information on the field staff that will carry out the verification such as their educational qualifications, relevant experience, tenure with the organization, and other relevant information that you feel shall help us in assessing the quality of the team being proposed for the assignment.

#### *Commitment to Continuity*

Kindly give us in writing that how you focus, attract and retain best people. Also, how you ensure that there would be no change in key staff related to this assignment

### 6. Client references

Kindly provide names and contact persons for 3 clients from whom we could seek reference about your firm.

**7. Timeline and Deliverables**

IPPF SARO expects the agency/ consultant to submit the following mandatory deliverables

- a) *Expenditure verification report for the budget utilized by IPPF SARO*
- b) *Consolidated Expenditure verification report including balance in hand as on February 28, 2017*

The agency/ consultant needs to submit a timeline for each deliverable within the broad time frame for this project.

### FINANCIAL PROPOSAL FORMAT

IPPF SARO requests that the firm/ individual to submit an all-inclusive financial proposal showing a breakdown in terms of professional fee and estimated time to be spent by each of the team members to be deployed for the assignment.

<b>Particulars</b>	<b>Total Amount (in Rupees)</b>
<b>Professional Fees including travel cost</b>	
<i>Service Tax (if Applicable)</i>	
<b>Total</b>	

\* Kindly include all estimated out of pocket as part of your professional fees. IPPF SARO shall not make any further payments for the assignment, beyond the professional fee quoted.