

REQUEST FOR PROPOSAL

FOR A PILLAR ASSESSMENT OF AN ENTITY

REQUESTING TO BE ENTRUSTED WITH

IMPLEMENTATION OF THE EU BUDGET UNDER

INDIRECT MANAGEMENT

RFP No.: 007/07/2022

Country: India

Issued on: 1 July 2022

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2. Section 1. Letter of Invitation

The International Solar Alliance (ISA) hereby invites you to submit a Proposal to this Request for Proposal (RFP) for the above-referenced subject.

This RFP includes the following documents and the General Terms and Conditions of Contract which is inserted in the Bid Data Sheet (BDS):

- Section 1: This Letter of Invitation
- Section 2: Instruction to Bidders
- Section 3: Bid Data Sheet (BDS)
- Section 4: Evaluation Criteria
- Section 5: Terms of Reference
- Section 6: Returnable Bidding Forms
 - Form A: Technical Proposal Submission Form
 - Form B: Bidder Information Form
 - Form C: Joint Venture/Consortium/Association Information Form (Not Applicable)
 - Form D: Qualification Form
 - Form E: Format of Technical Proposal
 - Form F: Financial Proposal Submission Form
 - Form G: Financial Proposal Form

If you are interested in submitting a Proposal in response to this RFP, please prepare your Proposal in accordance with the requirements and procedure as set out in this RFP and submit it by the Deadline for Submission of Proposals set out in Bid Data Sheet.

Please acknowledge receipt of this RFP by sending an email to procurement@isolaralliance.org , indicating whether you intend to submit a Proposal or otherwise. You may send the Technical Proposal and the Financial Proposal files separately. The financial and technical proposal shall be encrypted with different passwords and clearly labelled. Any Amendments to the RFP will be notified on ISA Website. Should you require further clarifications, kindly communicate with the contact person/s identified in the attached Bid Data Sheet as the focal point for queries on this RFP.

Gender equity is an organizational priority for The ISA (in all its activities). The ISA strongly encourages female-owned organizations and/or teams with significant gender diversity to submit a proposal.

The ISA recognizes the importance of valuing diversity and promoting inclusion in all our work programs and partnerships. The ISA highly values engaging with organizations and/or teams that reflect its geographical and diverse nature.

ISA looks forward to receiving your Proposal and thank you in advance for your interest in ISA procurement opportunities.

Issued by:



Name: Vineet Mathur

Title: Administrative & Procurement Analyst

Date: 01 July 2022

3. Section 2. Instruction to Bidders

A. GENERAL PROVISIONS	
<i>1. Introduction</i>	<p>1.1 Bidders shall adhere to all the requirements of this RFP, including any amendments in writing by ISA.</p> <p>1.2 Any Proposal submitted will be regarded as an offer by the Bidder and does not constitute or imply the acceptance of the Proposal by ISA. ISA is under no obligation to award a contract to any Bidder as a result of this RFP.</p>
<i>2. Fraud & Corruption, Gifts and Hospitality</i>	<p>2.1 ISA strictly enforces a policy of zero tolerance on proscribed practices, including fraud, corruption, collusion, unethical or unprofessional practices, and obstruction of ISA vendors and requires all bidders/vendors observe the highest standard of ethics during the procurement process and contract implementation.</p> <p>2.2 Bidders/vendors shall not offer gifts or hospitality of any kind to ISA staff members including recreational trips to sporting or cultural events, theme parks or offers of holidays, transportation, or invitations to extravagant lunches or dinners.</p> <p>2.3 In pursuance of this policy, ISA (a) Shall reject a proposal if it determines that the selected bidder has engaged in any corrupt or fraudulent practices in competing for the contract in question; (b) Shall declare a vendor ineligible, either indefinitely or for a stated period of time, to be awarded a contract if at any time it determines that the vendor has engaged in any corrupt or fraudulent practices in competing for, or in executing a ISA contract.</p> <p>2.4 All Bidders must adhere to the UN Supplier Code of Conduct, which may be found at http://www.un.org/depts/ptd/pdf/conduct_english.pdf</p>
<i>3. Eligibility</i>	<p>3.1 A vendor should not be suspended, debarred, or otherwise identified as ineligible by any UN Organization or the World Bank Group or any other international Organization. Vendors are therefore required to disclose to ISA whether they are subject to any sanction or temporary suspension imposed by these organizations.</p> <p>3.2 It is the Bidder's responsibility to ensure that its employees, joint venture members, sub-contractors, service providers, suppliers and/or their employees meet the eligibility requirements as established by ISA.</p>
<i>4. Conflict of Interests</i>	<p>4.1 Bidders must strictly avoid conflicts with other assignments or their own interests, and act without consideration for future work. Bidders found to have a conflict of interest shall be disqualified. Without limitation on the generality of the above, Bidders, and any of their affiliates, shall be considered to have a conflict of interest with one or more parties in this solicitation process, if they:</p> <ul style="list-style-type: none"> a) Are or have been associated in the past, with a firm or any of its affiliates which have been engaged by ISA to provide services for the preparation of the design, specifications, Terms of Reference, cost analysis/estimation, and other documents to be used for the procurement of the goods and services in this selection process; b) Were involved in the preparation and/or design of the programme/project related to the services requested under this RFP; or c) Are found to be in conflict for any other reason, as may be established by, or at the discretion of ISA. <p>4.2 In the event of any uncertainty in the interpretation of a potential conflict of interest, Bidders must disclose to ISA, and seek ISA's confirmation on whether or not such a conflict exists.</p> <p>4.3 Similarly, the Bidders must disclose in their proposal their knowledge of the following:</p> <ul style="list-style-type: none"> a) If the owners, part-owners, officers, directors, controlling shareholders, of the bidding entity or key personnel are family members of ISA staff involved in the

	<p>procurement functions and/or the Government of the country or any Implementing Partner receiving services under this RFP; and</p> <p>b) All other circumstances that could potentially lead to actual or perceived conflict of interest, collusion or unfair competition practices.</p> <p>Failure to disclose such an information may result in the rejection of the proposal or proposals affected by the non-disclosure.</p> <p>4.4 The eligibility of Bidders that are wholly or partly owned by the Government shall be subject to ISA's further evaluation and review of various factors such as being registered, operated and managed as an independent business entity, the extent of Government ownership/share, receipt of subsidies, mandate and access to information in relation to this RFP, among others. Conditions that may lead to undue advantage against other Bidders may result in the eventual rejection of the Proposal.</p>
B. PREPARATION OF PROPOSALS	
5. General Considerations	<p>5.1 In preparing the Proposal, the Bidder is expected to examine the RFP in detail. Material deficiencies in providing the information requested in the RFP may result in rejection of the Proposal.</p> <p>5.2 The Bidder will not be permitted to take advantage of any errors or omissions in the RFP. Should such errors or omissions be discovered, the Bidder must notify the ISA</p>
6. Cost of Preparation of Proposal	<p>6.1 The Bidder shall bear any and all costs related to the preparation and/or submission of the Proposal, regardless of whether its Proposal was selected or not. ISA shall not be responsible or liable for those costs, regardless of the conduct or outcome of the procurement process.</p>
7. Language	<p>7.1 The Proposal, as well as any and all related correspondence exchanged by the Bidder and ISA, shall be written in the language (s) specified in the BDS.</p>
8. Documents Comprising the Proposal	<p>8.1 The Proposal shall comprise of the following documents:</p> <ul style="list-style-type: none"> a) Documents Establishing the Eligibility and Qualifications of the Bidder; b) Technical Proposal; c) Financial Proposal; d) Proposal Security, if required by BDS; e) Any attachments and/or appendices to the Proposal.
9. Documents Establishing the Eligibility and Qualifications of the Bidder	<p>9.1 The Bidder shall furnish documentary evidence of its status as an eligible and qualified vendor, using the Forms provided under Section 6 and providing documents required in those forms. In order to award a contract to a Bidder, its qualifications must be documented to ISA's satisfaction.</p>
10. Technical Proposal Format and Content	<p>10.1 The Bidder is required to submit a Technical Proposal using the Standard Forms and templates provided in Section 6 of the RFP.</p> <p>10.2 The Technical Proposal shall not include any price or financial information. A Technical Proposal containing material financial information may be declared non-responsive.</p> <p>10.3 Samples of items, when required as per Section 5, shall be provided within the time specified and unless otherwise specified by ISA, and at no expense to ISA</p> <p>10.4 When applicable and required as per Section 5, the Bidder shall describe the necessary training programme available for the maintenance and operation of the services and/or equipment offered as well as the cost to the ISA. Unless otherwise specified, such training as well as training materials shall be provided in the language of the Bid as specified in the BDS.</p>
11. Financial	<p>11.1 The Financial Proposal shall be prepared using the Standard Form provided in Section 6 of the RFP. It shall list all major cost components associated with the services, and</p>

<i>Proposals</i>	<p>the detailed breakdown of such costs.</p> <p>11.2 Any output and activities described in the Technical Proposal but not priced in the Financial Proposal, shall be assumed to be included in the prices of other activities or items, as well as in the final total price.</p> <p>11.3 Prices and other financial information must not be disclosed in any other place except in the financial proposal.</p>
<i>12. Proposal Security</i>	<p>12.1 A Proposal Security, if required by BDS, shall be provided in the amount and form indicated in the BDS. The Proposal Security shall be valid up to thirty (30) days after the final date of validity of the Proposal.</p> <p>12.2 The Proposal Security shall be included along with the Technical Proposal. If Proposal Security is required by the RFP but is not found along with the Technical Proposal, the Proposal shall be rejected.</p> <p>12.3 If the Proposal Security amount or its validity period is found to be less than what is required by ISA, ISA shall reject the Proposal.</p> <p>12.4 In the event an electronic submission is allowed in the BDS, Bidders shall include a copy of the Bid Security in their proposal and the original of the Proposal Security must be sent via courier or hand delivery as per the instructions in BDS.</p> <p>12.5 The Proposal Security may be forfeited by ISA, and the Proposal rejected, in the event of any one or combination, of the following conditions:</p> <p>a) If the Bidder withdraws its offer during the period of the Proposal Validity specified in the BDS, or;</p> <p>b) In the event that the successful Bidder fails:</p> <p>i. to sign the Contract after ISA has issued an award; or</p> <p>12.6 to furnish the Performance Security, insurances, or other documents that ISA may require as a condition precedent to the effectivity of the contract that may be awarded to the Bidder.</p>
<i>13. Currencies</i>	<p>13.1 All prices shall be quoted in the currency or currencies indicated in the BDS. Where Proposals are quoted in different currencies, for the purposes of comparison of all Proposals:</p> <p>a) ISA will convert the currency quoted in the Proposal into the ISA preferred currency, in accordance with the prevailing UN operational rate of exchange on the last day of submission of Proposals; and</p> <p>b) In the event that ISA selects a proposal for award that is quoted in a currency different from the preferred currency in the BDS, ISA shall reserve the right to award the contract in the currency of ISA's preference, using the conversion method specified above.</p>
<i>14. Joint Venture, Consortium or Association</i>	<p>14.1 If the Bidder is a group of legal entities that will form or have formed a Joint Venture (JV), Consortium or Association for the Proposal, they shall confirm in their Proposal that : (i) they have designated one party to act as a lead entity, duly vested with authority to legally bind the members of the JV, Consortium or Association jointly and severally, which shall be evidenced by a duly notarized Agreement among the legal entities, and submitted with the Proposal; and (ii) if they are awarded the contract, the contract shall be entered into, by and between ISA and the designated lead entity, who shall be acting for and on behalf of all the member entities comprising the joint venture.</p> <p>14.2 After the Deadline for Submission of Proposal, the lead entity identified to represent the JV, Consortium or Association shall not be altered without the prior written consent of ISA.</p> <p>14.3 The lead entity and the member entities of the JV, Consortium or Association shall abide by the provisions of Clause 9 herein in respect of submitting only one proposal.</p> <p>14.4 The description of the organization of the JV, Consortium or Association must clearly define the expected role of each of the entity in the joint venture in delivering the requirements of the RFP, both in the Proposal and the JV, Consortium or Association Agreement. All entities that comprise the JV, Consortium or Association shall be subject to the eligibility and qualification assessment</p>

	<p>by ISA.</p> <p>14.5 A JV, Consortium or Association in presenting its track record and experience should clearly differentiate between:</p> <ul style="list-style-type: none"> a) Those that were undertaken together by the JV, Consortium or Association; and b) Those that were undertaken by the individual entities of the JV, Consortium or Association. <p>14.6 Previous contracts completed by individual experts working privately but who are permanently or were temporarily associated with any of the member firms cannot be claimed as the experience of the JV, Consortium or Association or those of its members, but should only be claimed by the individual experts themselves in their presentation of their individual credentials.</p> <p>JV, Consortium or Associations are encouraged for high value, multi-sectoral requirements when the spectrum of expertise and resources required may not be available within one firm.</p>
<i>15. Only One Proposal</i>	<p>15.1 The Bidder (including the individual members of any Joint Venture) shall submit only one Proposal, either in its own name or as part of a Joint Venture.</p> <p>15.2 Proposals submitted by two (2) or more Bidders shall all be rejected if they are found to have any of the following:</p> <ul style="list-style-type: none"> a) they have at least one controlling partner, director or shareholder in common; or b) any one of them receive or have received any direct or indirect subsidy from the other/s; or c) they have the same legal representative for purposes of this RFP; or d) they have a relationship with each other, directly or through common third parties, that puts them in a position to have access to information about, or influence on the Proposal of, another Bidder regarding this RFP process; e) they are subcontractors to each other's Proposal, or a subcontractor to one Proposal also submits another Proposal under its name as lead Bidder; or f) some key personnel proposed to be in the team of one Bidder participates in more than one Proposal received for this RFP process. This condition relating to the personnel, does not apply to subcontractors being included in more than one Proposal.
<i>16. Proposal Validity Period</i>	<p>16.1 Proposals shall remain valid for the period specified in the BDS, commencing on the Deadline for Submission of Proposals. A Proposal valid for a shorter period may be rejected by ISA and rendered non-responsive.</p> <p>16.2 During the Proposal validity period, the Bidder shall maintain its original Proposal without any change, including the availability of the Key Personnel, the proposed rates and the total price.</p>
<i>17. Extension of Proposal Validity Period</i>	<p>17.1 In exceptional circumstances, prior to the expiration of the proposal validity period, ISA may request Bidders to extend the period of validity of their Proposals. The request and the responses shall be made in writing, and shall be considered integral to the Proposal.</p> <p>17.2 If the Bidder agrees to extend the validity of its Proposal, it shall be done without any change in the original Proposal.</p> <p>17.3 The Bidder has the right to refuse to extend the validity of its Proposal, and in which case, such Proposal will not be further evaluated.</p>
<i>18. Clarification of Proposal</i>	<p>18.1 Bidders may request clarifications on any of the RFP documents no later than the date indicated in the BDS. Any request for clarification must be sent in writing in the manner indicated in the BDS. If inquiries are sent other than specified channel, even if they are sent to an ISA staff member, ISA shall have no obligation to respond or confirm that the query was officially received.</p> <p>18.2 ISA will provide the responses to clarifications through the method specified in the BDS.</p> <p>18.3 ISA shall endeavor to provide responses to clarifications in an expeditious manner, but any delay in such response shall not cause an obligation on the part of ISA to extend</p>

	the submission date of the Proposals, unless ISA deems that such an extension is justified and necessary.
<i>19. Amendment of Proposals</i>	<p>19.1 At any time prior to the deadline of Proposal submission, ISA may for any reason, such as in response to a clarification requested by a Bidder, modify the RFP in the form of an amendment to the RFP. Amendments will be made available to all prospective bidders.</p> <p>19.2 If the amendment is substantial, ISA may extend the Deadline for submission of proposal to give the Bidders reasonable time to incorporate the amendment into their Proposals.</p>
<i>20. Alternative Proposals</i>	<p>20.1 Unless otherwise specified in the BDS, alternative proposals shall not be considered. If submission of alternative proposal is allowed by BDS, a Bidder may submit an alternative proposal, but only if it also submits a proposal conforming to the RFP requirements. ISA shall only consider the alternative proposal offered by the Bidder whose conforming proposal ranked the highest as per the specified evaluation method. Where the conditions for its acceptance are met, or justifications are clearly established, ISA reserves the right to award a contract based on an alternative proposal.</p> <p>20.2 If multiple/alternative proposals are being submitted, they must be clearly marked as "Main Proposal" and "Alternative Proposal"</p>
<i>21. Pre-Bid Conference</i>	<p>21.1 When appropriate, a Bidder's conference will be conducted at the date, time and location specified in the BDS. All Bidders are encouraged to attend. Non-attendance, however, shall not result in disqualification of an interested Bidder. Minutes of the Bidder's conference will be disseminated on the procurement website. No verbal statement made during the conference shall modify the terms and conditions of the RFP, unless specifically incorporated in the Minutes of the Bidder's Conference or issued/posted as an amendment to RFP.</p>
C. SUBMISSION AND OPENING OF PROPOSALS	
<i>22. Submission</i>	<p>22.1 The Bidder shall submit a duly signed and complete Proposal comprising the documents and forms in accordance with the requirements in the BDS. The submission shall be in the manner specified in the BDS.</p> <p>22.2 The Proposal shall be signed by the Bidder or person(s) duly authorized to commit the Bidder. The authorization shall be communicated through a document evidencing such authorization issued by the legal representative of the bidding entity, or a Power of Attorney, accompanying the Proposal.</p> <p>22.3 Bidders must be aware that the mere act of submission of a Proposal, in and of itself, implies that the Bidder fully accepts the ISA General Contract Terms and Conditions.</p>
<i>Email Submission</i>	<p>22.4 Email submission, if allowed or specified in the BDS, shall be governed as follows:</p> <ul style="list-style-type: none"> a) Electronic files that form part of the proposal must be in accordance with the format and requirements indicated in BDS; b) The Technical Proposal and the Financial Proposal files MUST BE COMPLETELY SEPARATE. The financial proposal shall be encrypted with different passwords and clearly labelled. The files must be sent to the dedicated email address specified in the BDS. c) The password for opening the Financial Proposal should be provided only upon request of ISA. ISA will request password only from bidders whose Technical Proposal has been found to be technically responsive. Failure to provide correct password may result in the proposal being rejected.
<i>23. Deadline for Submission of</i>	<p>23.1 Complete Proposals must be received by ISA in the manner, and no later than the date and time, specified in the BDS. ISA shall only recognize the date and time that the bid</p>

<i>Proposals and Late Proposals</i>	<p>was received by ISA</p> <p>23.2 ISA shall not consider any Proposal that is submitted after the deadline for the submission of Proposals.</p>
<i>24. Withdrawal, Substitution, and Modification of Proposals</i>	<p>24.1 A Bidder may withdraw, substitute or modify its Proposal after it has been submitted at any time prior to the deadline for submission.</p> <p>24.2 Manual and Email submissions: A bidder may withdraw, substitute or modify its Proposal by sending a written notice to ISA, duly signed by an authorized representative, and shall include a copy of the authorization (or a Power of Attorney). The corresponding substitution or modification of the Proposal, if any, must accompany the respective written notice. All notices must be submitted in the same manner as specified for submission of proposals, by clearly marking them as "WITHDRAWAL" "SUBSTITUTION," or "MODIFICATION"</p> <p>24.3 Proposals requested to be withdrawn shall be returned unopened to the Bidders (only for manual submissions), except if the bid is withdrawn after the bid has been opened</p>
<i>25. Proposal Opening</i>	<p>25.1 There is no public bid opening for RFPs. ISA shall open the Proposals in the presence of an ad-hoc committee formed by ISA, consisting of at least two (2) members.</p>
D. EVALUATION OF PROPOSALS	
<i>26. Confidentiality</i>	<p>26.1 Information relating to the examination, evaluation, and comparison of Proposals, and the recommendation of contract award, shall not be disclosed to Bidders or any other persons not officially concerned with such process, even after publication of the contract award.</p> <p>26.2 Any effort by a Bidder or anyone on behalf of the Bidder to influence ISA in the examination, evaluation and comparison of the Proposals or contract award decisions may, at ISA's decision, result in the rejection of its Proposal and may be subject to the application of prevailing ISA vendor sanctions procedures.</p>
<i>27. Evaluation of Proposals</i>	<p>27.1 The Bidder is not permitted to alter or modify its Proposal in any way after the proposal submission deadline except as permitted under Clause 24 of this RFP. ISA will conduct the evaluation solely on the basis of the submitted Technical and Financial Proposals.</p> <p>27.2 Evaluation of proposals is made of the following steps:</p> <ol style="list-style-type: none"> Preliminary Examination Minimum Eligibility and Qualification (if pre-qualification is not done) Evaluation of Technical Proposals Evaluation of Financial Proposals
<i>28. Preliminary Examination</i>	<p>28.1 ISA shall examine the Proposals to determine whether they are complete with respect to minimum documentary requirements, whether the documents have been properly signed, and whether the Proposals are generally in order, among other indicators that may be used at this stage. ISA reserves the right to reject any Proposal at this stage.</p>
<i>29. Evaluation of Eligibility and Qualification</i>	<ol style="list-style-type: none"> Eligibility and Qualification of the Bidder will be evaluated against the Minimum Eligibility/Qualification requirements specified in the Section 4 (Evaluation Criteria). In general terms, vendors that meet the following criteria may be considered qualified: They are not included in the UN Security Council 1267/1989 Committee's list of terrorists and terrorist financiers. They have a good financial standing and have access to adequate financial resources to perform the contract and all existing commercial commitments, They have the necessary similar experience, technical expertise, production capacity where applicable, quality certifications, quality assurance procedures and other resources applicable to the provision of the services required;

	<ul style="list-style-type: none"> f) They are able to comply fully with ISA General Terms and Conditions of Contract; g) They do not have a consistent history of court/arbitral award decisions against the Bidder; and h) They have a record of timely and satisfactory performance with their clients. i) The consulting firm should provide credentials, through adequate references or documentation, of the following qualifications: j) Current local presence in the ISA focus countries. Past experience of working with ISA and/or with multilateral/international organizations will be an added advantage
<p><i>30. Evaluation of Technical and Financial Proposals</i></p>	<p>30.1 The evaluation team shall review and evaluate the Technical Proposals on the basis of their responsiveness to the Terms of Reference and other RFP documents, applying the evaluation criteria, sub-criteria, and point system specified in the Section 4 (Evaluation Criteria). A Proposal shall be rendered non-responsive at the technical evaluation stage if it fails to achieve the minimum technical score indicated in the BDS. When necessary and if stated in the BDS, ISA may invite technically responsive bidders for a presentation related to their technical proposals. The conditions for the presentation shall be provided in the bid document where required.</p> <p>30.2 In the second stage, only the Financial Proposals of those Bidders who achieve the minimum technical score will be opened for evaluation. The Financial Proposals corresponding to Technical Proposals that were rendered non-responsive shall remain unopened, and, in the case of manual submission, be returned to the Bidder unopened. For emailed Proposals submissions, ISA will not request for the password of the Financial Proposals of bidders whose Technical Proposal were found not responsive.</p> <p>30.3 The evaluation method that applies for this RFP shall be as indicated in the BDS, which may be either of two (2) possible methods, as follows: (a) the lowest priced method which selects the lowest evaluated financial proposal of the technically responsive Bidders; or (b) the combined scoring method which will be based on a combination of the technical and financial score.</p> <p>30.4 When the BDS specifies a combined scoring method, the formula for the rating of the Proposals will be as follows:</p> <div style="border: 1px solid black; padding: 10px; margin-top: 10px;"> <p><u>Rating the Technical Proposal (TP):</u></p> <p style="text-align: center;">TP Rating = (Total Score Obtained by the Offer / Max. Obtainable Score for TP) x 100</p> <p><u>Rating the Financial Proposal (FP):</u></p> <p style="text-align: center;">FP Rating = (Lowest Priced Offer / Price of the Offer Being Reviewed) x 100</p> <p><u>Total Combined Score:</u></p> <p style="text-align: center;">Combined Score = (TP Rating) x (Weight of TP, e.g. 70%) + (FP Rating) x (Weight of FP, e.g., 30%)</p> </div>
<p><i>31. Due Diligence</i></p>	<p>31.1 ISA reserves the right to undertake a due diligence exercise, also called post qualification, aimed at determining to its satisfaction, the validity of the information provided by the Bidder. Such exercise shall be fully documented and may include, but need not be limited to, all or any combination of the following:</p> <ul style="list-style-type: none"> a) Verification of accuracy, correctness and authenticity of information provided by the Bidder; b) Validation of extent of compliance to the RFP requirements and evaluation criteria based on what has so far been found by the evaluation team; c) Inquiry and reference checking with Government entities with jurisdiction on the

	<p>Bidder, or with previous clients, or any other entity that may have done business with the Bidder;</p> <p>d) Inquiry and reference checking with previous clients on the performance on ongoing or contracts completed, including physical inspections of previous works, as necessary;</p> <p>e) Physical inspection of the Bidder's offices, branches or other places where business transpires, with or without notice to the Bidder;</p> <p>f) Other means that ISA may deem appropriate, at any stage within the selection process, prior to awarding the contract.</p>
<i>32. Clarification of Proposals</i>	<p>32.1 To assist in the examination, evaluation and comparison of Proposals, ISA may, at its discretion, ask any Bidder for a clarification of its Proposal.</p> <p>32.2 ISA's request for clarification and the response shall be in writing and no change in the prices or substance of the Proposal shall be sought, offered, or permitted, except to provide clarification, and confirm the correction of any arithmetic errors discovered by ISA in the evaluation of the Proposals, in accordance with RFP.</p> <p>32.3 Any unsolicited clarification submitted by a Bidder in respect to its Proposal, which is not a response to a request by ISA, shall not be considered during the review and evaluation of the Proposals.</p>
<i>33. Responsiveness of Proposal</i>	<p>33.1 ISA's determination of a Proposal's responsiveness will be based on the contents of the Proposal itself. A substantially responsive Proposal is one that conforms to all the terms, conditions, TOR and other requirements of the RFP without material deviation, reservation, or omission.</p> <p>33.2 If a Proposal is not substantially responsive, it shall be rejected by ISA and may not subsequently be made responsive by the Bidder by correction of the material deviation, reservation, or omission.</p>
<i>34. Nonconformities, Reparable Errors and Omissions</i>	<p>34.1 Provided that a Proposal is substantially responsive, ISA may waive any non-conformities or omissions in the Proposal that, in the opinion of ISA, do not constitute a material deviation.</p> <p>34.2 ISA may request the Bidder to submit the necessary information or documentation, within a reasonable period of time, to rectify nonmaterial nonconformities or omissions in the Proposal related to documentation requirements. Such omission shall not be related to any aspect of the price of the Proposal. Failure of the Bidder to comply with the request may result in the rejection of its Proposal.</p> <p>34.3 For Financial Proposal that has been opened, ISA shall check and correct arithmetical errors as follows:</p> <p>a) if there is a discrepancy between the unit price and the line item total that is obtained by multiplying the unit price by the quantity, the unit price shall prevail and the line item total shall be corrected, unless in the opinion of ISA there is an obvious misplacement of the decimal point in the unit price; in which case the line item total as quoted shall govern and the unit price shall be corrected;</p> <p>b) if there is an error in a total corresponding to the addition or subtraction of subtotals, the subtotals shall prevail, and the total shall be corrected; and</p> <p>c) if there is a discrepancy between words and figures, the amount in words shall prevail, unless the amount expressed in words is related to an arithmetic error, in which case the amount in figures shall prevail.</p> <p>34.4 If the Bidder does not accept the correction of errors made by ISA, its Proposal shall be rejected.</p>
E. AWARD OF CONTRACT	
<i>35. Right to Accept, Reject, Any or All</i>	<p>35.1 ISA reserves the right to accept or reject any Proposal, to render any or all of the Proposals as non-responsive, and to reject all Proposals at any time prior to award of contract, without incurring any liability, or obligation to inform the affected Bidder(s) of the grounds for ISA's action. ISA shall not be obliged to award the contract to the</p>

<i>Proposals</i>	lowest priced offer.
<i>36. Award Criteria</i>	36.1 Prior to expiration of the proposal validity, ISA shall award the contract to the qualified Bidder based on the award criteria indicated in the BDS.
<i>37. Right to Vary Requirements at the Time of Award</i>	37.1 At the time of award of Contract, ISA reserves the right to vary the quantity of services and/or goods, by up to a maximum twenty-five per cent (25%) of the total offer, without any change in the unit price or other terms and conditions.
<i>38. Contract Signature</i>	38.1 Within fifteen (15) days from the date of receipt of the Contract, the successful Bidder shall sign and date the Contract and return it to ISA. Failure to do so may constitute sufficient grounds for the annulment of the award, and forfeiture of the Proposal Security, if any, and on which event, ISA may award the Contract to the Second Ranked Bidder or call for new Proposals.
<i>39. Performance Security</i>	39.1 A performance security, if required in BDS, shall be provided in the amount specified in BDS. Within fifteen (15) days of the contract signature by both parties. Where a performance security is required, the receipt of the performance security by ISA shall be a condition for rendering the contract effective.
<i>40. Bank Guarantee for Advanced Payment</i>	40.1 Except when the interests of ISA so require, it is ISA's preference to make no advance payment(s) (i.e., payments without having received any outputs). If an advance payment is allowed as per BDS, and exceeds 20% of the total contract price, or USD 30,000, whichever is less, the Bidder shall submit a Bank Guarantee in the full amount of the advance payment.
<i>41. Liquidated Damages</i>	41.1 If specified in BDS, ISA shall apply Liquidated Damages resulting from the Contractor's delays or breach of its obligations as per the Contract.
<i>42. Payment Provisions</i>	42.1 Payment will be made only upon ISA's acceptance of the work performed. The terms of payment shall be within thirty (30) days, after receipt of invoice and certification of acceptance of work issued by the proper authority in ISA with direct supervision of the Contractor. Payment will be affected by bank transfer in the currency of contract.
<i>43. Other Provisions</i>	<p>43.1 In the event that the Bidder offers a lower price to the host Government (e.g. General Services Administration (GSA) of the federal government of the United States of America) for similar services, ISA shall be entitled to same lower price. The ISA General Terms and Conditions shall have precedence.</p> <p>43.2 ISA is entitled to receive the same pricing offered by the same Contractor in contracts with the United Nations and/or its Agencies. The ISA General Terms and Conditions shall have precedence.</p> <p>43.3 The United Nations has established restrictions on employment of (former) UN staff who have been involved in the procurement process as per bulletin ST/SGB/2006/15 http://www.un.org/en/ga/search/view_doc.asp?symbol=ST/SGB/2006/15&referer</p> <p>43.4 Termination: Either Party may terminate the Contract for cause, in whole or in part, upon thirty (30) days' notice, in writing, to the other Party.</p> <p>43.5 ISA may terminate the Contract at any time by providing written notice to the Contractor in any case in which the mandate of ISA applicable to the performance of the Contract or the funding of ISA applicable to the Contract is curtailed or terminated, whether in whole or in part. In addition, unless otherwise provided by the Contract, upon sixty (60) day's advance written notice to the Contractor, ISA may terminate the Contract without having to provide any justification therefor.</p> <p>43.6 Penalties: If the contractors fails to complete the works within the time specified in the contract, the supplier will pay the procuring entity liquidated damages for each calendar day of delay (1%) of the price of the contract, up to a maximum percentage of the final price of the contract. The procuring entity will be entitled to deduct any liquidated damages from the supplier's outstanding invoices, if any.</p>

4. Section 3. Bid Data Sheet

The following data for the services to be procured shall complement, supplement, or amend the provisions in the Request for Proposals. In the case of a conflict between the Instructions to Bidders, the Data Sheet, and other annexes or references attached to the Data Sheet, the provisions in the Data Sheet shall prevail.

BDS No.	Ref. to Section.2	Data	Specific Instructions / Requirements
1	7	Language of the Proposal	English
2		Submitting Proposals for Parts or sub-parts of the TOR (partial bids)	Not Allowed
3	20	Alternative Proposals	Shall not be considered
4	21	Pre-proposal conference	Will not be conducted
5	10	Proposal Validity Period	90 days
6	14	Bid Security	NIL
7	41	Advanced Payment upon signing of contract	Not Allowed
8	42	Liquidated Damages	Will be imposed as follows: Provide details below if "Will be Imposed" is selected, otherwise delete the below 0.1% of contract price per day of delay: _____ Max. number of days of delay 15, (1.5% of contract amount) after which ISA may terminate the contract.
9	40	Performance Security	Not Required
10	18	Currency of Proposal	Indian Rupees
11	31	Deadline for submitting requests for clarifications/	5 days before the submission deadline

		questions	
12	31	Contact Details for submitting clarifications/questions	Focal Person in ISA: Procurement Unit E-mail: procurement@isolaralliance.org Address: International Solar Alliance, 3rd Floor, Surya Bhawan, NISE Campus, Gwal Pahari, Gurugram, Haryana - 122003, India
13	18, 19 and 21	Manner of Disseminating Supplemental Information to the RFP and responses/clarifications to queries	Direct communication to prospective Proposers by email
14	23	Deadline for Submission	17 July 2022 - 7.00 PM (Indian Standard Time)
14	22	Allowable Manner of Submitting Proposals	<input type="checkbox"/> Submission by email
15	22	Proposal Submission Address	E-mail: procurement@isolaralliance.org
16	22	Electronic submission (email) requirements	<ul style="list-style-type: none"> ▪ Format: PDF files only ▪ File names must be maximum 60 characters long and must not contain any letter or special character other than from Latin alphabet/keyboard. ▪ All files must be free of viruses and not corrupted. ▪ Password for financial proposal <u>must</u> not be provided to ISA until requested by ISA ▪ Max. File Size per transmission: 5 MB
17	27 36	Evaluation Method for the Award of Contract	Combined Scoring Method, using the 70%-30% distribution for technical and financial proposals respectively The minimum technical score required to pass is 70%.
18		Expected date for commencement of Contract	<i>August 1, 2022</i>
19		Maximum expected duration of contract	The contract will be for a period of six months
20	35	ISA will award the contract to:	One or more Proposers, depending on the following factors : One contract will be awarded per report
21	39	Type of Contract	ISA will award one contract per report. One bidder might be awarded multiple contracts, based on the evaluation.
22		Other Information Related to the RFP	[All other instructions and information not yet mentioned so far in this Data Sheet but are relevant to the RFP must be cited here, and any further entries that may be added below this table row]

5. Section 4. Evaluation Criteria

Preliminary Examination Criteria

Proposals will be examined to determine whether they are complete and submitted in accordance with RFP requirements as per below criteria on a Yes/No basis:

- Appropriate signatures
- Power of Attorney
- Minimum documents provided
- Technical and Financial Proposals submitted separately
- Bid Validity
- Bid Security submitted as per RFP requirements with compliant validity period

Minimum Eligibility and Qualification Criteria

Eligibility and Qualification will be evaluated on Pass/Fail basis.

If the Proposal is submitted as a Joint Venture/Consortium/Association, each member should meet minimum criteria, unless otherwise specified in the criterion.

Subject	Criteria	Document Submission requirement
ELIGIBILITY		
Legal Status	Vendor is a legally registered entity.	Form B: Bidder Information Form
Eligibility	Vendor is not suspended, nor debarred, nor otherwise identified as ineligible by any UN Organization or the World Bank Group or any other international Organization in accordance with ITB clause 3.	Form A: Technical Proposal Submission Form
Conflict of Interest	No conflicts of interest in accordance with clause 4.	Form A: Technical Proposal Submission Form
Bankruptcy	Not declared bankruptcy, not involved in bankruptcy or receivership proceedings, and there is no judgment or pending legal action against the vendor that could impair its operations in the foreseeable future.	Form A: Technical Proposal Submission Form
QUALIFICATION		
History of Non-Performing Contracts¹	Non-performance of a contract did not occur as a result of contractor default for the last 3 years.	Form D: Qualification Form
Litigation History	No consistent history of court/arbitral award decisions against the Bidder for the last 3 years.	Form D: Qualification Form

¹ Non-performance, as decided by ISA, shall include all contracts where (a) non-performance was not challenged by the contractor, including through referral to the dispute resolution mechanism under the respective contract, and (b) contracts that were so challenged but fully settled against the contractor. Non-performance shall not include contracts where Employers decision was overruled by the dispute resolution mechanism. Non-performance must be based on all information on fully settled disputes or litigation, i.e. dispute or litigation that has been resolved in accordance with the dispute resolution mechanism under the respective contract and where all appeal instances available to the Bidder have been exhausted.

Previous Experience	S. No.	Criteria	Documents required	Form D: Qualification Form
	1	The agency should have minimum 3 years of experience in undertaking similar assignments related to managing awards in Renewable Energy domain	Copy of the orders of relevant assignments	
	2	The agency should have successfully completed at least 5 projects in last 3 years in similar sector as per TOR advertised.	Agency profile and list of relevant assignments	
	3	The team leader shall be a Media and Communications expert with a management degree with minimum of 10 years of professional experience and at least 5 years of work experience in the renewable energy media space	Provide CV of the candidate	
	4	Minimum INR: 1 Crores contracts of similar nature and complexity implemented over the last 3 Years	Provide Copies of work orders	
	<i>(For JV/Consortium/Association, all Parties cumulatively should meet requirement).</i>			Form D: Qualification Form
Financial Standing	Minimum average annual turnover of INR: 10 Crores for the last 3 years. <i>(For JV/Consortium/Association, all Parties cumulatively should meet requirement).</i>			Form D: Qualification Form
	Bidder must demonstrate the current soundness of its financial standing and indicate its prospective long-term profitability. <i>(For JV/Consortium/Association, all Parties cumulatively should meet requirement).</i>			Form D: Qualification Form
	Any additional criteria if required			

Technical Evaluation Criteria

[Adjust the below criteria as necessary to fit your TOR requirements. Below are just some examples]

Summary of Technical Proposal Evaluation Forms		Points Obtainable
1.	Bidder's qualification, capacity and experience	300
2.	Proposed Methodology, Approach and Implementation Plan	400
3.	Management Structure and Key Personnel	300
	Total	1000

Section 1. Bidder's qualification, capacity and experience		Points obtainable
1.1	Reputation of Organization and Staff Credibility / Reliability / Industry Standing	80
1.2	General Organizational Capability which is likely to affect implementation: management structure, financial stability and project financing capacity, project management controls, extent to which any work would be subcontracted	90
1.3	Relevance of specialized knowledge and experience on similar engagements done in the region/country	70
1.4	Quality assurance procedures and risk mitigation measures	60
Total Section 1		300

Section 2. Proposed Methodology, Approach and Implementation Plan		Points obtainable
2.1	Understanding of the requirement: Have the important aspects of the task been addressed in sufficient detail? Are the different components of the project adequately weighted relative to one another?	80
2.2	Description of the Offeror's approach and methodology for meeting or exceeding the requirements of the Terms of Reference	150
2.3	Details on how the different service elements shall be organized, controlled and delivered	50
2.4	Description of available performance monitoring and evaluation mechanisms and tools; how they shall be adopted and used for a specific requirement	50
2.5	Assessment of the implementation plan proposed including whether the activities are properly sequenced and if these are logical and realistic	70
Total Section 2		400

Section 3. Management Structure and Key Personnel		Points obtainable
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3.1	Composition and structure of the team proposed. Are the proposed roles of the management and the team of key personnel suitable for the provision of the necessary services?		60
3.2	Qualifications of key personnel proposed		
3.2 a	Team Leader		120
	- General Experience	30	
	- Specific Experience relevant to the assignment	50	
	- Regional/International experience	30	
	- Language Qualifications	10	
3.2 b	Team Manager		80
	- General Experience	10	
	- Specific Experience relevant to the assignment	40	
	- Regional/International experience	20	
	- Language Qualifications	10	
3.2 c	Team Members		40
	- General Experience	5	
	- Specific Experience relevant to the assignment	15	
	- Regional/International experience	10	
	- Language Qualifications	10	
Total Section 3			300

Section 5. Terms of Reference (TOR)

6.

TERMS OF REFERENCE FOR A PILLAR ASSESSMENT OF AN ENTITY REQUESTING TO BE ENTRUSTED WITH IMPLEMENTATION OF THE EU BUDGET UNDER INDIRECT MANAGEMENT

Entity requesting the assessment	International Solar Alliance,
Country:	India
Reference/date of request for services:	[Reference/date of the request for services or other equivalent document issued by the entity]
Period subject to assessment:	4 months period ending on the day of the start of the assessment
Start date of the assessment:	June 2022
End date of the assessment:	November 2022

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1. INTRODUCTION

CONTEXT

Article 154 of the Financial Regulation¹ ('FR') applicable to the general budget of the European Union ('EU') sets out the methods of implementing the budget, including 'indirect management'. Under indirect management, the Commission can entrust the implementation of Union funds or budgetary guarantees to the countries, organisations and bodies (further referred to as 'entities') indicated in Article 62 of the FR.

When entities manage EU funds, they are required to guarantee a level of protection of the EU's financial interests equivalent to that required under the FR. More specifically, they must meet requirements with regard to nine 'pillars'. These pillars relate to:

- 1) the internal control system ;
- 2) the accounting system;
- 3) an independent external

audit; as well as rules and

procedures for:

- 4) providing financing from EU funds through grants;
- 5) procurement;
- 6) financial

instruments²; and also:

- 7) exclusion from access to funding;
- 8) publication of information on recipients;
- 9) protection of personal data.

Entities wishing to work with EU funds under the indirect management mode must therefore undergo a comprehensive **pillar assessment**. Based on the results of the pillar assessment, the Commission will decide whether: (i) it can entrust budget implementation tasks to the entity and; (ii) it can conclude specific agreements (i.e. indirect management contribution agreements) with the entity. However, if required by the legal base, these conditions can be specified in the agreement with the Commission, or by reference to guidance documents (e.g. the Guide for National Agencies in the case of Erasmus) to ensure harmonised implementation and equal treatment of beneficiaries of an EU programme in all participating countries.

The following are the terms of reference ('ToR') on which [full name and address of the Contracting Authority] agrees to engage the auditor to perform a **pillar assessment** of [name of the entity] and to report on this assessment. These ToR are annexed to the entity's [request for services; or equivalent document].

In these ToR and in Annexes 1 to 4, which form an integral part of these ToR, the following terms apply:

-
- ¹ Regulation (EU) 2018/1046
- ² A reference to 'financial instruments' is deemed to also include budgetary guarantees.

- **‘Pillar assessment’, ‘assessment’ or ‘engagement’** refers to this assurance engagement. In this context, the **pillars** are the broad areas covered by this assessment; these include internal control, accounting, independent external audit, exclusion from access to funding, publication of information on recipients and protection of personal data. The entity will always need to be assessed to check it can meet the requirements in these areas. In addition to the six mandatory pillars listed above, there are three optional pillars, covering procedures and rules for grants, procurement and financial instruments. .
- ***‘Auditor’*** refers to the audit firm contracted to perform this engagement and submit a report on it to the Commission. ***‘Auditor’*** can refer to the person or persons conducting the assessment, usually the engagement partner or other members of the engagement team. The engagement partner is the partner or other person in the firm who: (i) is responsible for the engagement and its performance, and for the report issued on behalf of the firm; and (ii) has the appropriate authority from a professional, legal or regulatory body.
- ***‘Entity’***, refers to the entity subject to the pillar assessment. The entity is generally³ the contracting authority for this assessment.
- ***‘Commission’*** refers to the European Commission, which may be represented by the relevant service or unit in the relevant Commission Directorate General or an EU Delegation, as appropriate.

2. **OBJECTIVES**

Phase I-The Bidder is expected to do the gap analysis by reviewing the status of preparedness of ISA for the nine pillar assessments and provide guidance in completion of the Gaps noted.

Phase II-The auditor is engaged/expected to assess the systems put into place and the controls, rules and procedures applied by the entity for each pillar against the criteria set by the Commission for each pillars 1 to 9. The **objective** of this pillar assessment is to: (i) enable the auditor to report on whether the entity fulfils the requirements set out in points (a) to (f) of Article 154(4) of the Financial Regulation applicable to the General Budget of the European Commission and in Article 29(1) of the Financial Regulation applicable to the European Development Fund for each relevant pillar; and (ii) express a conclusion as to whether the entity:

- applies appropriate rules and procedures in all material respects for providing financing from EU funds through **grants** and in line with the criteria set by the European Commission;
- applies appropriate rules and procedures for **excluding third parties from access to funding** through procurement, grants and/or financial instruments;
- makes public **information on the recipients of funds** in an appropriate and timely manner;
- ensures **protection of personal data** equivalent to that referred to in Article 5 of the FR.

3. STANDARDS AND GUIDANCE

The auditor who performs this pillar assessment must be governed by:

- The IFAC International Framework for Assurance Engagements and International Standard on Assurance Engagements ('ISAE') 3000 for Assurance Engagements other than Audits or Reviews of Historical Financial Information insofar as these can be applied in the specific context of this pillar assessment.
- The IFAC *Code of Ethics for Professional Accountants*, issued by IFAC's International Ethics Standards Board for Accountants (IESBA), which establishes fundamental ethical principles for auditors with regard to integrity, objectivity, independence, professional competence and due care, confidentiality, professional behaviour and technical standards;

³ The Commission may be the contracting authority in duly justified cases.

- The IFAC *International Standards on Quality Control* (ISQCs), which establish standards and provide guidance on an auditor's system of quality control.

4. REQUIREMENTS FOR THE AUDITOR

4.1 GENERAL PRINCIPLES

The auditor must be an **independent external** auditor who is a registered member of a national accounting or auditing body or institution which in turn is a member of the International Federation of Accountants (IFAC) and who is certified to perform audits.

The auditor must be functionally independent of the entity concerned. Hence the internal auditor of an entity subject to assessment is not eligible to perform a pillar assessment.

By agreeing to these ToR the auditor confirms that s/he meets at least one of the following conditions:

- The auditor and/or the firm is a member of a national accounting or auditing body or institution, which in turn is member of the International Federation of Accountants (IFAC).
- The auditor and/or the firm is a member of a national accounting or auditing body or institution. Although this organization is not member of the IFAC, the auditor gives a commitment to undertake this engagement in accordance with the IFAC standards and ethics set out in these ToR.
- The auditor and/or the firm is registered as a statutory auditor in the public register of a public oversight body in an EU Member State in accordance with the principles of public oversight set out in Directive 2006/43/EC of the European Parliament and of the Council. This applies to auditors and audit firms based in an EU Member State⁴.
- The auditor and/or the firm is registered as a statutory auditor in the public register of a public oversight body in a third country and this register is subject to principles of public oversight as set out in the legislation of the country concerned (this applies to auditors and audit firms based in a third country).

Where permitted by the underlying legal base (e.g. Erasmus), the auditor may be the Independent Audit Body as designated in accordance with Article 155(1) of the Financial Regulation.,

4.2 QUALIFICATIONS, EXPERIENCE AND TEAM COMPOSITION⁵

Qualifications and experience

The auditor must employ sufficient staff with: (i) appropriate professional qualifications and suitable experience with IFAC standards, in particular the ISAE 3000 for Assurance Engagements other than Audits or Reviews of Historical Financial Information; and (ii) with experience in performing institutional or compliance assessments and/or performing systems audits or equivalent engagements of entities comparable in size and complexity to the entity in question.

In addition, the engagement team as a whole shall have:

- Experience with institutional or compliance assessments and/or systems audits or equivalent engagements of EU funded programmes and projects funded by national and/or international donors and institutions. It is desirable that the leader of the fieldwork team i.e. either the manager (category 2) or the senior auditor (category 3) has experience with systems audits of EU funded

external aid actions and / or other EU funded actions, and/or institutional or

⁴ Directive 2006/43 of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts (amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253 EEC), as amended by Directive 2014/56/EU of the European Parliament and of the Council of 16 April 2014.

⁵ Where the audit body is not from the private sector, equivalent levels of seniority, qualifications and experience should be applied.

compliance assessments of organisations in the development aid sector and/or economic sector.

- Optional: fluency in English

Team composition

The team of auditors required for this pillar assessment shall be composed of a category 1 auditor who has the ultimate responsibility for the assessment, and an engagement team composed of an appropriate mix of category 2-4 auditors. It is the responsibility of the auditor to propose and use an engagement team composed of an appropriate mix of auditors for this engagement.

The Commission distinguishes four categories of auditors.

Category 1 — Audit partner

An audit partner shall be a highly qualified expert with a relevant professional qualification and assuming or having assumed senior and managerial responsibilities in public audit practice.

That person should be a member of a national accounting or auditing body or institution, and must have at least 12 years' professional experience as a professional auditor or accountant in public audit practice. Experience with working with the recipient countries of EU external aid will also be taken into account.

An audit partner, or another person in a position similar to that of a partner, is the person in the audit firm who is responsible for the audit and its performance, and for the report that is issued on behalf of the firm. The audit partner has the appropriate authority from a professional, legal or regulatory body and is authorised to certify accounts by the laws of the country in which the audit firm is registered.

Category 2 — Audit manager

Audit managers should be qualified experts with a relevant university degree or professional qualification. They should have at least 6 years' experience as a professional auditor or accountant in public audit practice including relevant managerial experience of leading audit teams.

Category 3 — Senior auditor

Senior auditors should be qualified experts with a relevant university degree or professional qualification and at least 3 years' professional experience in public audit practice.

Category 4 — Assistant auditor

Assistant auditors should have a relevant university degree and at least 6 months' professional experience in public audit practice.

Curricula vitae (CVs)

The auditor shall provide the contracting authority with CVs of the partner or other person in the audit firm who is responsible for the pillar assessment and for signing the report, and also provide the CVs of the managers, senior auditors and assistant auditors proposed as part of the engagement team. CVs will include appropriate details on the type of engagements carried out by the staff, indicating capability and capacity to undertake the assessment, and will also include details on relevant specific experience. The contracting authority will examine the CVs before it signs an order form or other applicable contractual document for this engagement and reserves the right to reject them if they are not considered suitable for the requirements of the engagement.

5. Scope

5.1 LOCATION AND PERIOD COVERED BY THE ASSESSMENT

This pillar assessment will be performed at the OSCE Secretariat, Wallnerstrasse 6, 1010 Vienna, Austria. The auditor should confirm the location(s) of the assessment with the contracting authority **prior** to the start of the fieldwork and ensure that relevant supporting documents as well as key staff will be available during the assessment. The auditor should take into account that the entity normally requires meetings to prepare the assessment and to discuss the draft report and that this may involve additional travelling (see Section 7).

The **period to be covered by the assessment** should normally be the year (i.e. 12-month period) ending on the day of the start of the assessment field work, i.e. the day on which the auditor effectively starts on-site (i.e. at the location where the entity is established) assessment procedures and tests.

5.2 ENGAGEMENT CONTEXT

Use of Annex 1 Engagement context — Key information for a pillar assessment

The auditor shall obtain a preliminary understanding of the **engagement context** on the basis of **Annex 1 Engagement context — Key information for a pillar assessment**. The understanding must be sufficient for the auditor to submit a meaningful offer to the contracting authority.

Use of Annex 2a Assessment questionnaire

The entity shall provide a completed **Annex 2a** (for pillars 1-9) to the auditor as soon as possible **after** the auditor has been contracted by the contracting authority but **prior to** the start of the auditor's assessment procedures.

In a second phase, **Annex 2a** will become a support tool to be used by the auditor when designing, planning and performing the assessment procedures and to take into account the criteria that the European Commission deems essential or important for the entity undergoing assessment to comply with.

The completed **Annex 2a** questionnaire is an essential source of assessment information and evidence for the auditor. However, it is by no means the only source to be used by the auditor to plan and perform

assessment procedures and to draw conclusions. All information completed and provided by the entity is provisional, and is subject to the assessment procedures the auditor deems necessary. The auditor must not rely on information before having ensured through assessment procedures that information is sufficiently accurate and complete for the purpose of the assessment and for arriving at informed conclusions for key questions.

Hence the auditor can modify, complete and add information in the findings column as it sees fit. The auditor may also add additional questions if it considers this is necessary to arrive at an informed conclusion on key questions.

The auditor must take into account the specific engagement circumstances and apply professional judgement throughout the assessment process. The auditor remains fully responsible at all times for designing, planning and performing the assessment procedures it deems necessary in addition to the questions and procedures in the **Annex 2a** questionnaire.

The auditor will use the information in the **Annex 2a** questionnaire and the results of the assessment procedures to complete **Annex 2 Assessment questionnaire and criteria** (see Section 5.4 below) and to draw a conclusion for each pillar being assessed.

5.3 NATURE, EXTENT AND TIMING OF PROCEDURES AND TESTS FOR EACH PILLAR

For each pillar, the auditor must assess the **design** of relevant systems, controls, rules and procedures. This means that the auditor should perform procedures and tests on the basis of which it should arrive at a conclusion whether the system, controls, rules and procedures are present i.e. existing.

Moreover, the auditor must assess the **operating effectiveness** of systems, controls, rules and procedures for all relevant pillars (see Section 2 — Objectives above) except for the ‘independent external audit’ pillar, for which the auditor only assesses the design of the procedures for external audit.

The design and operating effectiveness of relevant systems, rules and procedures must be assessed against the criteria defined by the Commission for each pillar (see Section 5.4 below). For this purpose, the auditor must use the questionnaires provided by the Commission.

The auditor determines the nature, extent and timing of all the procedures and tests it deems necessary to perform in order to arrive at a conclusion with regard to the design and operating effectiveness of systems, controls, rules and procedures.

5.4 CRITERIA AND MATERIALITY

For each pillar there are three levels of criteria which have been defined by the European Commission through the formulation of (key) questions in **Annex 2 Assessment questionnaire and criteria** and in **Annex 2a Assessment questionnaire**).

To determine what is a material weakness or deficiency in systems, controls, rules and procedures, the auditor must take into account the criteria and the levels of importance (i.e. scoring thresholds) defined by the Commission as these factors might influence the Commission’s decision to entrust budget implementation tasks under indirect management to the entity.

LEVEL 1 (FINANCIAL REGULATION)

For each pillar there is **one** overarching level 1 question (in *Annex 2 Assessment questionnaire and criteria*) set on the basis of the Financial Regulation. This question is fundamental. Only two types of conclusions are possible:

- The answer to the question at level 1 is 'yes'. This means that the entity complies with the requirements for the pillar concerned. The conclusion of the auditor must be formulated in the positive form, which is equivalent to an 'unqualified opinion'.
- The answer to the question at level 1 is 'no'. This means that the entity does not comply with the requirements for the pillar concerned. In this case, the conclusion must be formulated in the adverse form, which is equivalent to what is called an 'adverse opinion' under international standards.

LEVEL 2 (PILLAR KEY COMPONENTS)

Key questions at level 2 relate to criteria which the Commission considers essential. For this purpose, key questions and criteria are set for the key components of each pillar. Components are essentially 'sub-pillars', which in turn are composed of blocks of questions in *Annex 2a Assessment questionnaire*).

The auditor must apply professional judgement to **attribute a score on a scale of 0 to 10 to each level 2 component** in *Annex 2 Assessment questionnaire and criteria* based on the information and evidence obtained from applying *Annex 2a*.

LEVEL 3 (ASSESSMENT QUESTIONNAIRE WITH BLOCKS OF QUESTIONS)

Annex 2a Assessment questionnaire includes blocks of questions that relate to the pillar key components at level 2. These blocks of detailed questions are non-exhaustive. This means that the auditor should use at least these (blocks of) questions to determine a score for each component at level 2.

The auditor can formulate additional questions and perform additional tests and procedures, as it deems necessary or appropriate. The auditor fully applies professional judgement for all questions in *Annex 2a* in order to attribute scores to the pillar key components at level 2.

5.5 LIMITATIONS IN THE SCOPE

The auditor will inform the contracting authority of any **limitations in the scope** of work identified before or during the assessment, and discuss with the contracting authority what action may be required and whether or how the assessment can be continued.

6. Assessment procedures

The auditor should perform the assessment in accordance with *Annex 3 Assessment procedures*, which cover documentation and evidence, planning, fieldwork and reporting. Annex 3 includes assessment procedures that the auditor should apply and procedures that the auditor may opt to use. The auditor's attention is drawn to the specific aspects set out in Sections 6.1 to 6.3 below. The auditor should exercise due professional care and judgement and determine the nature, timing and extent of assessment procedures to fit the objectives, scope and context of the assessment.

6.1 DOCUMENTATION AND EVIDENCE

The auditor should, in accordance with ISAE 3000, prepare documentation and obtain sufficient appropriate evidence to support assessment findings and to draw reasonable conclusions on which to base the conclusion of the assessment for each pillar. The auditor uses professional judgement to determine whether evidence is sufficient and appropriate (see Annex 3.1).

6.2 PLANNING AND FIELDWORK

Start of the assessment

The assessment's official starting date is the date of signature of the contracting authority's order form or other applicable contractual document for the assessment. The auditor must then agree as soon as possible a date to start the fieldwork with the entity.

Preparatory meeting with the entity

The Entity foresees a preparatory meeting with the Auditor (see Annex 4.2.1) which will be held at the OSCE Secretariat, Wallnerstrasse 6, 1010 Vienna, Austria. The Entity shall inform the Commission about this meeting which may be attended by Commission representatives. If the field visit will not be feasible due to COVID-19 travel restrictions, online meeting could be considered as an alternative.

Procedures for assessment planning and fieldwork

The auditor's procedures should include obtaining an understanding of the engagement context, which is sufficient to design and perform further assessment procedures. This includes:

- obtaining evidence regarding the design of systems, controls, rules and procedures (Annex 3.3.1);
- performing tests of the operational effectiveness of systems, controls, rules and procedures (Annex 3.3.2);
- sampling and other means of selecting items for testing where appropriate (Annex 3.3.3);
- using the work of internal auditors where applicable (Annex 3.3.4).

6.3 REPORTING

Use of the pillar assessment model report in Annex 4

The use of the model report for a pillar assessment in Annex 4 is compulsory.

Language

The report should be presented in English. An executive summary of the assessment report in English should be provided along with the report (See Annex 4.4.1).

Findings

There are two types of findings:

- **Main findings** are findings that relate to material weaknesses or deficiencies in systems, controls, rules and procedures. 'Material' means that the auditor considers that these factors are so

important for the Commission that they might influence its decision to entrust budget implementation tasks under indirect management to the entity. Hence, where material findings are found for a pillar this must lead the auditor to express an adverse conclusion for that pillar.

Main findings also include cases where several findings which taken individually do not relate to a material weakness or deficiency but when taken in the aggregate involve a finding of material weakness or deficiency. The combined impact of such findings is so significant (i.e. material) that this must lead the auditor to the conclusion that the entity does not meet the requirements for the pillar concerned (i.e. the conclusion is 'No').

- **Other findings** are all non-material findings which the auditor believes should be brought to the attention of the entity. These findings relate to weaknesses and deficiencies in systems, controls, rules or procedures, which, individually or in the aggregate, involve a less immediate level of risk that objectives for the pillar concerned are not achieved.

Findings must be reported in accordance with the (table) formats specified in the model report for a pillar assessment in Annex 4. Main findings as well as other findings by the Auditor may be the basis for supervisory measures to be taken by the Commission in accordance with Article 154(5) of the Financial Regulation.

Recommendations

There are two types of recommendations:

- **Critical recommendations** relate to material weaknesses and deficiencies in systems, controls, rules or procedures and to cases where the Commission's criteria and/or internationally accepted standards for pillars are not complied with (on a regular basis).
- **Other recommendations** relate to all other findings that are not of a material nature. In these cases, the weaknesses and deficiencies in systems, controls, rules or procedures have no major and immediate impact on the objectives of these systems, controls, rules or procedures. Nevertheless, it is relevant for the entity to implement the suggested measures, as this would give it an opportunity to improve its systems, controls, rules or procedures and to achieve greater effectiveness and/or efficiency.

Recommendations must be reported in accordance with the (table) formats specified in the model report for a pillar assessment in Annex 4.

Conclusions

The assessment report should include a conclusion for each pillar. There are two types of conclusions. Conclusions must either be formulated in the positive form (i.e. 'has set up', 'uses', 'is subject to' or 'applies') or by using an adverse formulation (i.e. 'has not set up', 'does not use', 'is not subject to' or 'does not apply').

The use of a conclusion of the qualified type (i.e. using the 'except for' formulation) is not possible in a pillar assessment.

Date of the assessment report

The date of draft and pre-final reports should be the date when these reports are sent for consultation.

The date of the final assessment report should be the date when the final independent auditor's report is signed (Annex 3.4.2).

Procedures and timetable for submitting draft and final assessment reports

The auditor should comply with the procedures and timetable for the consultation and submission of the draft and final assessment report, as set out in Annex 3.4.3 and 3.4.4.

The auditor's attention is specifically drawn to the following:

- The auditor should submit a **draft report** on Pillars 1-9 to the entity within **14 calendar days after the day of the closing meeting** (i.e. the end of field work or remote work, depending on travel situation due to COVID-19).
- The auditor should initiate the assessment of Pillar 9 later, based on request (tentitvely in Q4 of 2021) by the entity and submit a **draft report** on Pillar 9 within **14 calendar days after the day of the closing meeting** (i.e. the end of field work or remote work, depending on travelsituation due to COVID-19).
- The period between the **assessment closing meeting** and the submission to the entity of the **final assessment report** should **not exceed 2** (two) months. The auditor should explain and document any reporting delays in the working papers.

7. OTHER MATTERS

6.1 FOLLOW-UP

The contracting authority may request that the auditor provide further assistance as part of the follow-up on the final assessment report. The contracting authority may also request that the auditor re-assess one or more pillars if the final assessment report concluded that the entity did not comply with the requirements for the pillar(s) concerned.

These ToR do not cover any further assistance provided by the auditor in connection with the contracting authority's follow-up on the final assessment report; if such assistance is required the contracting authority will need to issue an addendum to the order form or to the other applicable contractual document for such an engagement.

6.2 VARIOUS MATTERS

7. Annexes

ANNEX 1 ENGAGEMENT CONTEXT — KEY INFORMATION FOR A PILLAR

ASSESSMENTANNEX 2 ASSESSMENT QUESTIONNAIRE AND CRITERIA

ANNEX 2A ASSESSMENT QUESTIONNAIRE

ANNEX 3 ASSESSMENT PROCEDURES

ANNEX 4 PILLAR ASSESSMENT REPORT

IMPORTANT: Annexes 1 to 4 form an integral part of the present Terms of Reference.

8. Annex 1: Engagement context — Key information for a pillar assessment

ENTITY ASSESSMENT	SUBJECT TO	ISA
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PILLAR	PILLAR SUBJECT TO ASSESSMENT ⁽¹⁾
1 INTERNAL CONTROL	YES
2 ACCOUNTING	YES
3 EXTERNAL AUDIT	YES
4 GRANTS	YES
5 PROCUREMENT	YES
6 FINANCIAL INSTRUMENTS ¹	N/A
7 EXCLUSION FROM ACCESS TO FUNDING	YES
8. PUBLICATION OF INFORMATION ON RECIPIENTS	YES
9. PROTECTION OF PERSONAL DATA	YES

¹ The reference to 'financial instruments' is deemed to also include budgetary guarantees.

² In the exceptional case that neither the rules and procedures for grants, nor for procurement nor for financial instruments are assessed (i.e. none of the pillars 4 to 6), there is no need to assess the rules and procedures for exclusion and publication (i.e. pillars 7 and 8).

6 The legal and regulatory framework

OSCE's legal and regulatory framework is principally set forth in its Common Regulatory Management System (CRMS), including in particular – with respect to Pillar 4 – Financial and Administrative Instruction 15 Management and Administration of Implementing Partners (FAI 15), together with other financial and administrative regulations, rules, and policies as applicable.

7 Grants principles, covering in particular measures to avoid conflicts of interest throughout the grants award process

Provisions and measures in place to prevent non-compliant use of the sub-delegated resources, fraud, or conflicts of interest in the area of IP management, include the following:

4.3 *FAI 15, Annex A Certificate of Compliance for Potential IP..*

4.4 *FAI 15, Annex A1. Certificate of Compliance for Sub-Contractors*

FAI 15, Annex B Due Diligence Check List serves to further disclose conflicts of interest as defined in FAI 14 'OSCE Fraud Prevention and Detection Policy';

The aforementioned checklists comprise a mandatory part of the Implementing Partner Agreement (IPA) approval package.

4.5 *FAI 15, Annex F Declaration of Impartiality, Confidentiality and No Conflict of Interest*
Panelist for selection of an Implementing Partner.

8 Types of grants used

The OSCE does not use term "grants", but it has an operation modality under which it may transfer unified budget (UB) and Extra-Budgetary (ExB) funds to an Implementing Partner (IP) to carry out a project or a component of a broader project, by undertaking the day to day management of a project or its component, including the management of funds and human resources, planning and execution of project activities, self-evaluation and monitoring of its activities. Business processes related to the IP management modality are principally regulated by Financial Administrative Instruction (FAI) 15 *Management and Administration of Implementing Partners*. The instruction provides all executive structures and relevant officials with instructions on engagements with Implementing Partners (IPs) and how to use them in a manner that promotes transparency, service quality and accountability.

The FAI is part of the OSCE Common Regulatory Management System (CRMS) established by PC.DEC/705 on 1 December 2005.

The types of entities that may qualify as IPs include:

8.1 Ministries and other entities of the host government;

8.2 Non-governmental (not for profit) organizations;

8.3 Public institutions (i.e. publicly funded entities used and operated for public purposes, including educational institutions); and

8.4 UN agencies and other public international organizations.

The aforementioned types of entities may be used to perform two major roles:

7 *A project implementer under a standard implementing partnership arrangement where IP is*

engaged only for services that entail project implementation activities that the OSCE cannot do itself. In this case an IP may be used to implement a project or a component of a broader project, by undertaking the day to day management of a project or its component, including the management of funds and human resources, planning and execution of project activities, self-evaluation and monitoring of its activities.

- 8 A *primary project beneficiary* and participant of *capacity building*. Capacity building activities should be carefully designed and monitored to ensure that they are actually achieving the desired results and that they contribute to the overall achievement of the OSCE Programme objectives and outcomes.

9 Organisation (tasks and responsibilities)

Under the CRMS, including OSCE Financial Regulations, Fund Managers have overall responsibility, authority and accountability for the management of the resources entrusted to them and implementation of their Fund's programmes. Under authority delegated by the Fund Manager, Main Programme Managers (MPM) and/or Programme Managers (PM) are responsible for managing and implementing programmes and projects.

The engagement of the IP is subject to dual approval by the PM and Chief of Fund Administration (CFA). The PM describes and approves the programmatic rationale for using an IP, for both the standard implementing partnership arrangements and capacity building, and monitors IPs' performance. The CFA confirms which administrative and financial requirements must be met if the project is to be carried out, helps identify and record the due diligence to be undertaken, ensures compliance with the CRMS, and ensures that the required administrative and financial requirements have actually been met.

To that end, PMs are responsible to ensure that IPs engaged in OSCE project implementation have sufficient capacity to achieve project objectives; they are responsible for conducting unscheduled programmatic and financial monitoring visits; for checking the expected project outputs are actually delivered and that the relevant documentary proof is obtained and retained in the IP file.

It is a joint responsibility of the PM and CFA to ensure relevant control mechanisms for mitigating the fraud risks related to the engagement of IPs are in place and working.

10 Documentation and filing of the grants process

Documentation of the IP engagement in the OSCE is a primary responsibility of the PM. For that purpose a project file has to be maintained in the OSCE records management system.

The project file shall in general contain:

- 8.1 Project proposal with the justification for engaging an IP that shall be an integral part of the project proposal;
- 8.2 Justification for non-competitive selection (in case IPA is below EUR 10,000)
- 8.3 In case, IP is subject to competitive selection, all the public call or competitive process related documentation: ToR, applications, selection report, Annex F Declaration of Impartiality,

- Confidentiality and No Conflict of Interest Panelist for the selection of an Implementing Partner;
- 8.4** Interim and final financial and narrative reports by the IP;
- 8.5** Minutes of the monitoring visits;
- 8.6** Post-project assessment form;
- 8.7** Any other relevant documentation.

In the cases where an IP is authorized to carrying out procurement, the IP shall retain all original supporting documentation, in relation to procurement, including but not limited to the Request for Quotation (RFQ), technical evaluation report (if applicable) and offers, providing the transparency and competitiveness of the procurement process.

The IP is required to retain all original supporting documentation, including invoices and receipts, for a period of seven (7) years, or longer period if required by the donor of an ExB project, and make the documentation available for legal and tax reasons and to the OSCE for audit, review or verification at any time during this time period upon request.

- 1. Grants procedures, including:**
- 2. publication of call for proposals**
- 3. submission of proposals**
- 4. security and confidentiality of proposals**
- 5. receipt, registration and opening of proposals**
- 6. selection and evaluation procedures**
- 7. awarding of grants**
- 8. notification and publication**
- 9. grant agreements and contracts.**

The rules and provisions for competitive selection are set forth in FAI 15 with consideration for the funding amount/value in questions as well as other factors such as the type of organization and purpose of the funding.

The competitive selection process for the selection of IPs includes the following requirements:

- 10.1** Preparing by the PM appropriate general terms of reference based on the overall project goals and objectives, taking into account the executive structure mandate and assessing the risks and potential liabilities likely to be assumed by the OSCE;
- 10.2** Defining selection criteria by the PM;

- 10.3** An advertisement process designed by the PM and CFA to attract a variety of potential qualified partners, and include posting of the opportunities on the OSCE website and other relevant platforms (including newspapers) to ensure maximum reach and transparency and allow sufficient time for the IP to prepare a proposal;
- 10.4** Short listing the top candidates by the PM and CFA;
- 10.5** Detailed review of the proposals and/or interviews of the top candidates conducted by a selection panel which should consist of respective programmatic staff and shall include at least one member of the Fund Administration Unit (FAU);
- 10.6** Documenting the basis for the selection panel's decision in a selection report prepared and signed by all the panel members.

The chosen candidate should be the one best able to achieve the project objectives both programmatically and in terms of cost effectiveness, and the PM and CFA shall ensure that the candidate satisfies the due diligence criteria. The ultimate decision in selecting an IP must take into account both programmatic and administrative factors.

Standard IP agreement

There is a standard IPA template in OSCE, which serves as the basis of negotiations with an IP. Any material deviation from the standard IPA requires relevant internal clearances.

PILLAR 7 — EXCLUSION FROM ACCESS TO FUNDING

11 The legal and regulatory framework

OSCE's legal and regulatory framework is principally set forth in its Common Regulatory Management System (CRMS), including in particular – with respect to Pillar 7 – Financial and Administrative Instruction 6 – Procurement (FAI 6), Financial and Administrative Instruction 15 Management and Administration of Implementing Partners (FAI 15), and the Procurement and Contracting Manual (PCM) together with other financial and administrative regulations, rules, and policies as applicable.

Financial and Administrative Instruction 6 (FAI 6) contains the OSCE's general procurement and contracting policies and procedures. It is the responsibility of the Chief, Procurement and Contracting Unit (C/PCU) to provide common interpretations and clarifications on its application. For this purpose, C/PCU issued the Procurement and Contracting Manual (PCM). The PCM not only explains the policies and procedures in detail, it also includes guidelines, examples and templates.

12 Exclusion criteria.

All procurement and contracting using extra-budgetary funds is done according to OSCE procurement rules, which require due diligence procedures sufficient to exclude from funding recipient organizations that practice or engage in any form of terrorism, discrimination, intolerance or other human rights violations. The OSCE Financial/Administrative Instruction 6 on Procurement and Contracting further requires the OSCE to make sure that all suppliers doing business with the OSCE accept the OSCE General Conditions of Contract and the OSCE Supplier Code of Conduct. Both documents provide that OSCE

suppliers not be implicated in any practices that are incompatible with the mandate of the OSCE as an international intergovernmental organization. Where donor requirements dictate that its funds are not received by entities or individuals on national or other sanctions lists, the OSCE implements such requirements by adjusting tender documentation and OSCE standard contractual terms as applicable.

Furthermore, whenever the OSCE accepts extra-budgetary contributions and a donor agreement contains any specific conditions as to their use, the OSCE implements and honors such contractual obligations. The Organization's implementation of these obligations may in certain instances include "cascading" such donor requirements down to the Organization's contractors and implementing partners.

The OSCE General Conditions of Contract and the OSCE standard Implementing Partner Agreement both contain a prohibition on sub-contracting without the OSCE's express written consent. They further place an obligation on OSCE contractors and implementing partners, whenever sub-contracting is authorized by the OSCE, to "cascade" down all contractual terms with the OSCE so that they apply to the sub-contractors. In this way, the OSCE retains control not only over sub-contractor selection, but also, where sub-contracting is authorized, ensuring that such entities are bound by the contractual terms that the OSCE has in place with the principal contractor or implementing partner.

An IP shall be selected to implement a project or project activities under the standard implementing partnership arrangement on the basis of its ability to perform activities, where OSCE staff lacks sufficient resources or expertise. In case of capacity building, where an IP is the main beneficiary of the project activities, the IP is exempt from the competitive selection process in line with the limits specified in the table below. In addition to a mandatory due diligence process aimed at providing assurance to the PM and CFA of the capacity of the IP to administer and properly account for the funds received and perform the tasks entrusted.

The types of entities that may qualify as IPs include:

- 12.1** Ministries and other entities of the host government;
- 12.2** Non-governmental (not for profit) organizations;
- 12.3** Public institutions (i.e. publicly funded entities used and operated for public purposes, including educational institutions); and
- 12.4** UN agencies and other public international organizations.

The aforementioned types of entities may be used to perform two major roles:

- 9 *A project implementer under a standard implementing partnership arrangement* where IP is engaged only for services that entail project implementation activities that the OSCE cannot do itself. In this case an IP may be used to implement a project or a component of a broader project, by undertaking the day to day management of a project or its component, including the management of funds and human resources, planning and execution of project activities, self-evaluation and monitoring of its activities.
- 10 *A primary project beneficiary and participant of capacity building.* Capacity building activities should be carefully designed and monitored to ensure that they are actually achieving the desired results and that they contribute to the overall achievement of the OSCE Programme objectives and outcomes.

The engagement of the IP is subject to dual approval by the Programme Manager (PM) and CFA. The

PM describes and approves the programmatic rationale for using an IP, for both the standard implementing partnership arrangements and capacity building, and monitors IPs' performance. The CFA confirms which administrative and financial requirements must be met if the project is to be carried out, helps identify and record the due diligence to be undertaken, ensures compliance with the CRMS, and ensures that the required administrative and financial requirements have actually been met.

To that end, PMs are responsible to ensure that IPs engaged in OSCE project implementation have sufficient capacity to achieve project objectives; they are responsible for conducting unscheduled programmatic and financial monitoring visits; for checking the expected project outputs are actually delivered and that the relevant documentary proof is obtained and retained in the IP file.

It is a joint responsibility of the PM and CFA to ensure relevant control mechanisms for mitigating the fraud risks related to the engagement of IPs are in place and working.

13 Procedures. State in particular if the aspects listed above are covered in the procedures and how they are applied.

All OSCE officials participating or involved in any aspect of the procurement and/or contracting process must adhere to the highest ethical standards at all times, and shall strictly abide by the OSCE Code of Conduct attached to the Staff Regulations and Staff Rules, FAI 14, OSCE Fraud Prevention and Detection Policy, and all other obligations stipulated in the CRMS (Common Regulatory Management System).

PILLAR 8 — PUBLICATION OF INFORMATION ON RECIPIENTS

14 The legal and regulatory framework;

OSCE's procurement legal and regulatory framework is included in the CRMS (Common Regulatory Management System) and includes FAI 6 (Financial and Administrative Instruction – Procurement) along with the Procurement and Contracting Manual (i.e. interpretation of the FAI6), Financial and Administrative Instruction 15 Management and Administration of Implementing Partners (FAI 15) and other financial policies and rules as applicable.

FAI 6 contains the general procurement and contracting policies and procedures which the OSCE participating States have approved. It is the responsibility of the Chief, Procurement and Contracting Unit (C/PCU) to provide common interpretations and clarifications on its application. For this purpose, C/PCU issues the Procurement and Contracting Manual (PCM). The PCM not only explains the policies and procedures in detail, it also includes guidelines, examples and templates.

15 Requirements for publication. State in particular if the following aspects are covered in the procedures and how they are applied:

All awards of contracts above EUR 50,000 are published on the OSCE website and on the exceptional basis, lower amounts could be also published as per OSCE Procurement and Contracting Manual (PCM), Debriefing of Vendors.

For implementing partners, according to FAI 15, an advertisement process designed by the PM and CFA to attract a variety of potential qualified partners, and include posting of the opportunities on the OSCE website and other relevant platforms (including newspapers) to ensure maximum reach and transparency and allow sufficient time for the IP to prepare a proposal. For IPAs exceeding EUR 50,000

and for all high risk projects, the period of advertisement must be a minimum of three weeks.

15.1 name, locality, nature and purpose, amount;

According to OSCE Procurement and Contracting Manual (PCM), Debriefing of Vendors, the name of the contractor, a short description of the goods/services, the total or aggregate award and the contract duration are posted on the OSCE website.

15.2 timing;

OSCE publishes the information annually.

15.3 means of publication.

Advertisement of requirements are published OSCE websites, the UN Global market website and local business portals, no restrictions to any media portal being used (as per PCM, Transparency).

PILLAR 9 — PROTECTION OF PERSONAL DATA

16 The legal and regulatory framework

OSCE's legal and regulatory framework is principally set forth in its Common Regulatory Management System (CRMS), including – with respect to Pillar 9 – various financial and administrative regulations, rules, and policies across areas of data and information security and records management, as applicable. Implementation of the relevant regulatory framework in the context of personal data is provided for through formal Policy Guidance on Implementation and Compliance with OSCE CRMS Provisions Governing the Protection of Personal Data.

17 Requirements for the protection of personal data. State in particular if these requirements are covered in the procedures and how they are applied.

The OSCE collects and processes the personal data of individuals, including OSCE officials, non-OSCE officials working in OSCE executive structures, contractor personnel, beneficiaries and other persons, in the performance of its mandates. The OSCE's internal rules and regulations governing the handling of personal data are established in the OSCE's Common Regulatory Management System ("CRMS").

The OSCE undertakes to ensure that its data protection framework aligns with internationally-recognized standards in providing appropriate protection of personal data and responding effectively to the changing legal and technological landscapes in this area.

OSCE Policy Guidance, in conjunction with the CRMS generally, sets out provisions and procedures regarding fundamental principles and rules of personal data protection, including legal bases for processing, legitimate purpose, legitimate and fair processing, transparency, data quality, data security, data retention, confidentiality, access, and data transfers.

OSCE Policy Guidance further elaborates on the relevant provisions of the CRMS, and applies to the processing of personal data, whether in paper or electronic form, by the OSCE and its executive structures and, where appropriate, any third parties processing personal data on behalf of the OSCE. Compliance with such Policy Guidance is mandatory.

Currently OSCE is in the process of reviewing existing Policy Guidance. This is planned to be finalized by

the end of Q3 2021 and the assessment of Pillar 9 is therefore planned for Q4 of 2021.

PILLAR 1 - INTERNAL CONTROL	
Level 1 (Financial Regulation). Has the Entity set up set up and ensured the functioning in all material respects of an effective and efficient internal controlsystem and in accordance with the criteria set by the European Commission?	YES
Level 2 criteria / questions (5 components for internal control)	SCORE (0 – 10)
1 Control environment Does the control environment of the Entity provide an adequate basis for carrying out internal control across the organisation?	... / 10
2 Risk assessment Does the entity identify risks to the achievement of its objectives across the Entity and are risks analysed as a basis for determining how they should be managed?	... / 10
3 Control activities Does the entity deploy effective and efficient control activities ?	... / 10
4 Information and communication Does the Entity have controls and procedures in place which ensure reliable reporting – both internal and external (inbound and outbound) – in line with applicablerequirements and standards?	... / 10
5 Monitoring Does the Entity monitor internal controls regularly and effectively?	... / 10
Total score	... / 50

SCORE

Answer to level 1 question is YES if the total score for all 5 components is at least 35 / 50 or 70% and the score for each individual component is at least 2 / 10 or 20%.

Answer to level 1 question is NO if the total score is less than 70%.

PILLAR 2 - ACCOUNTING	
Level 1 (Financial Regulation). Does the Entity use an accounting system that provides in all material respects accurate, complete and reliable information in a timely manner and in accordance with the criteria set by the European Commission?	YES
Level 2 criteria / questions (3 components for accounting)	SCORE (0 – 10)
1 Accounting system and policies Does the Entity use an adequate accounting system and does it have clear and written accounting policies?	... / 10
2 Budgeting Does the Entity have a budget system and procedures which result in transparent and reliable budgets for its operations and activities?	... / 10
3 Accounting and budgeting for specific projects, activities, (trust) funds and Financial Instruments Does the Entity have accounting and budgeting procedures which allow adequate and timely reporting to donors / fund providers (including the EC) on the use of funds provided by them for projects, activities, (trust) funds and Financial Instruments?	... / 10
Total score	... / 30

SCORE

Answer to level 1 question is YES if the total score for all 3 components is at least 21 / 30 or 70% and the score for each individual component is at least 2 / 10 or 20%.

Answer to level 1 question is NO if the total score is less than 70%.

PILLAR 3 – INDEPENDENT EXTERNAL AUDIT	
Level 1 (Financial Regulation). Is the Entity subject to an independent external audit, required to be performed in all material respects in accordance with internationally accepted auditing standards by an audit service functionally independent of the Entity and in accordance with the criteria set by the European Commission?	YES
Level 2 criteria / questions (3 components for independent external audit)	SCORE (0 – 10)
1 Legal and regulatory framework Does the Entity have a clear regulatory framework for external audit?	... / 10
2 Principles. Three possible situations can be distinguished depending on the applicable regulatory framework and the standards on auditing. Key question (level 2) if the external audit is performed by an independent professional external audit firm (private sector) in accordance with standards equivalent to international standards on auditing. Is the Entity subject to an external audit which is: - performed by a professional external audit firm which is independent from the Entity and which complies with	... / 10

<p>the fundamental principles of professional ethics which include: integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.</p> <ul style="list-style-type: none"> - performed in accordance with auditing standards equivalent to International Standards on Auditing ('ISAs') issued by the International Auditing and Assurance Standards Board (IAASB)? 	
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PILLAR 3 – INDEPENDENT EXTERNAL AUDIT (cont'd)	
Level 2 criteria / questions (3 components for independent external audit) (cont'd)	SCORE (0 – 10)
<p>3 External Audit Procedures</p> <p>Is the Entity subject to appropriate external audit procedures?</p>	... / 10
Total score	... / 30

SCORE

Answer to level 1 question is YES if the total score for all 3 components is at least 21 / 30 or 70% and the score for each individual component is at least 2 / 10 or 20%.

Answer to level 1 question is NO if the total score is less than 70%.

PILLAR 4 - GRANTS	
Level 1 (Financial Regulation). Does the Entity apply appropriate rules and procedures for providing financing from Union funds through grants and in accordance with the criteria set by the European Commission?	YES / NO
Level 2 criteria / questions (3 components for grants)	SCORE (0 – 10)
1 Legal and regulatory framework Does the Entity have a clear legal and regulatory framework for providing grants?	.. / 10
2 Principles Are the following principles integrated in the procedures, rules and criteria of the Entity's grant award system: transparency, equal treatment, programming, eligibility criteria, non-cumulation, non-retroactivity, co-financing, no-profit rule, conflicts of interest? These principles must be integrated in the procedures, rules and criteria of the Entity's grant award system in accordance with the overarching principle of proportionality . Principles are not absolute and a limited number of exceptions can be foreseen provided that such exceptions are clearly stated, reasonable and justified.	.. / 10
3 Grants procedures Does the Entity apply appropriate rules and procedures for providing grants?	.. / 10

Total score	.. / 30
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SCORE

Answer to level 1 question is YES if the total score for all 3 components is at least 21 / 30 or 70% and the score for each individual component is at least 2 / 10 or 20%.

Answer to level 1 question is NO if the total score is less than 70%.

PILLAR 5 - PROCUREMENT	
Level 1 (Financial Regulation). Does the Entity apply appropriate rules and procedures in all material respects for providing financing from Union funds through procurement and in accordance with the criteria set by the European Commission?	YES
Level 2 criteria / questions (3 components for procurement)	SCORE (0 – 10)
1 Legal and regulatory framework	... / 10
Does the Entity have a clear legal and regulatory framework for procurement?	
2 Principles	... / 10
Are the following principles integrated in the procedures, rules and criteria of the Entity's procurement system: transparency, equal treatment, public access to procurement information, conflicts of interest and use of competitive	

tendering procedures and best value for money? These principles must be integrated in the procedures, rules and criteria of the Entity's procurement system in accordance with the overarching principle of proportionality . Principles are not absolute and a limited number of exceptions can be foreseen provided that such exceptions are clearly stated, reasonable and justified.	
3 Procurement procedures Does the Entity apply appropriate rules and procedures for procurement ?	... / 10
Total score	... / 30

SCORE

Answer to level 1 question is YES if the total score for all 3 components is at least 21 / 30 or 70% and the score for each individual component is at least 2 / 10 or 20%.

Answer to level 1 question is NO if the total score is less than 70%.

PILLAR 6 – FINANCIAL INSTRUMENTS	
Level 1 (Financial Regulation). Does the Entity apply appropriate rules and procedures in all material respects for providing financing from Union funds through financial instruments and in accordance with the criteria set by the European Commission?	YES / NO
Level 2 criteria / questions (3 components for financial instruments)	SCORE (0 –

	10)
1 Legal and regulatory framework	.. / 10
Does the Entity have a clear legal and regulatory framework for the use and implementation of financial instruments?	
2 Principles Are the following principles and conditions integrated in the procedures, rules and criteria of the Entity's Financial Instruments? <u>Basic principles (Article 140 (1) FR).</u> Sound financial management, transparency, proportionality, non-discrimination, equal treatment and subsidiarity and duration established in the basic act for the FIs. <u>Selection of Financial Intermediaries (Article 139 FR and Article 221 RAP).</u> Financial intermediaries shall be selected on the basis of open, transparent, proportionate and non-discriminatory procedures, avoiding conflicts of interests. <u>Conditions for Financial Instruments (Article 140 (2) FR).</u> Financial instruments shall comply with the following basic conditions: address market failures or sub-optimal investment situations, additionality, non-distortion of competition in the internal market and consistency with State aid rules, leverage effect and alignment of interest.	.. / 10
3 Financial instrument procedures	.. / 10
Does the Entity apply appropriate rules and procedures for the use of its financial instruments ?	
Total score	.. / 30

SCORE

Answer to level 1 question is YES if the total score for all 3 components is at least 21 / 30 or 70% and the score for each individual

component is at least 2 / 10 or 20%.

Answer to level 1 question is NO if the total score is less than 70%.

PILLAR 7 – SUB-DELEGATION			
Level 1. Has the Entity taken measures in all material respects which ensure that Sub-Delegates and Financial Intermediaries <i><remove if Financial Intermediaries are not applicable></i> to which the Entity sub-delegates budget implementation tasks, will implement EU funded actions with procedures and systems that comply with international standards and with the criteria set by the European Commission?			YES / NO
Level 2 criteria / questions (the number of components depends on the degree of sub-delegation)	Maximal (or full) sub-delegation (1)	Minimal (or partial) sub-delegation (1)	SCORE (0 – 10)
General Has the Entity performed, with regard to the Sub-Delegatee or Financial Intermediary, an ex-ante assessment equivalent to the one performed by the Commission on the Entity (Pillar assessment), ensuring that the Sub- Delegatee or Financial Intermediary will implement the action with procedures and systems that comply with international standards and the criteria set by the European Commission?	✓ / na	✓ / na	.. / 10

9. Has the Entity taken measures which ensure to a reasonable extent that Sub-Delegates or Financial Intermediaries to which the Entity sub-delegates budget implementation tasks..

<p>1 Internal control</p> <p>.....have set up set up and ensure the functioning in all material respects of an effective and efficient internal control system and in accordance with the criteria? In case of minimal (or partial) sub-delegation internal control is only relevant insofar it relates to the sub-delegated contracting procedures and tasks.</p>	✓ / na	✓ / na	.. / 10
<p>2 Accounting</p> <p>..... use an accounting system that provides in all material respects accurate, complete and reliable information in a timely manner and in accordance with the criteria? In case of minimal (or partial) sub-delegation accounting is only relevant insofar it relates to the sub-delegated contracting procedures and tasks</p>	✓ / na	✓ / na	.. / 10
<p>3 External Audit</p> <p>..... are subject to an independent external audit, required to be performed in all material respects in accordance with internationally accepted auditing standards by an audit service functionally independent of the Sub-Delegatee or Financial Intermediary concerned and in accordance with the criteria? In case of minimal (or partial) sub-delegation external audit is only relevant insofar it relates to the sub-delegated contracting procedures and tasks</p>	✓ / na	✓ / na	.. / 10

PILLAR 7 – SUB-DELEGATION (continued)

<i>Level 2 criteria / questions (the number of components depends on the degree of sub-delegation)</i>	<i>Maximal (or full) sub-delegation (1)</i>	<i>Minimal (or partial) sub-delegation (1)</i>	<i>SCORE (0 – 10)</i>
4 Grants apply appropriate rules and procedures (equivalent to the procedures used by the Entity) in all material respects for providing financing from EU funds through grants ?	✓ / na	✓ / na	✓ ✓ .. / 10
5 Procurement apply appropriate rules and procedures (equivalent to the procedures used by the Entity) in all material respects for providing financing from EU funds through procurement ?	✓ / na	✓ / na	✓ ✓ .. / 10

6 Financial Instruments apply appropriate rules and procedures (equivalent to the procedures used by the Entity) in all material respects for providing financing from EU funds through Financial Instruments ?	✓ / na	✓ / na	- Assessment questionnaire and criteria ✓ ✓ .. / 10
✓ Total score			✓ .. / xx

✓ (1) Note

10. Tick marks and NA (*not applicable*) for Maximal (or full) sub-delegation or Minimal (or partial) sub-delegation should be maintained or removed depending on the degree of subdelegation. If both maximal (or full) sub-delegation or minimal (or partial) sub-delegation are applicable tick marks must be put in both columns.

SCORE

Answer to level 1 question is YES if the total score for all components is at least 70% and the score for each individual component is at least 2 / 10 or 20%.

Answer to level 1 question is NO if the total score is less than 70%.

The total possible score can range from 50 to 70 depending on the sub-delegation of contracting tasks for grants, procurement and financial instruments (4, 5 and 6).

PILLAR 8 — PUBLICATION OF INFORMATION ON RECIPIENTS AND OTHER INFORMATION	
Level 1 (Financial Regulation) Does the entity make public information on the recipients of funds in an appropriate and timely manner ² ?	YES / NO
Level 2 criteria/questions (3 components for publication of recipients)	SCORE (0 – 10)
1 Legal and regulatory framework Does the entity have a clear legal and regulatory framework on publication of recipients, covering (1) the publication of appropriate information on fund beneficiaries; (2) a reference to a common international standard ensuring protection of fundamental rights and of commercial interests; and (3) regular publication updates?	.. / 10
2 Requirements If the regulatory framework is implemented by an additional set of procedures for publication, do the latter integrate its requirements ?	.. / 10
3 Publication procedures Does the entity effectively apply rules and procedures for publication based on the requirements mentioned under 2?	.. / 10

¹ The exclusion of third parties must be assessed for grants, procurement and/or financial instruments when the respective pillar (grants, procurement and financial instruments) has been assessed. Reference to ‘financial instruments’ and ‘EU funds’ is deemed to also include budgetary guarantees.

² The publication of information on recipients must be assessed for grants, procurement and/or financial instruments once the corresponding pillar (grants, procurement and financial instruments) has been assessed.

Total score	.. / 30	ria
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SCORE

Answer to level 1 question is YES if the total score for all 3 components is at least 70 % and the score for each individual component is at least 2/10 or 20 %.

Answer to level 1 question is NO if the total score is less than 70 % or the score for one individual component is lower than 2/10 or 20 %.

PILLAR 9 — PROTECTION OF PERSONAL DATA	
Level 1 (Financial Regulation) Does the entity ensure protection of personal data equivalent to that referred to in Article 5 of the FR ³ ?	YES / NO
Level 2 criteria/questions (3 components for protection of personal data)	SCORE (0 – 10)
1 Legal and regulatory framework Does the entity have a clear legal and regulatory framework regarding protection of personal data?	.. / 10
2 Requirements Are requirements integrated in the procedures and rules for the protection of personal data?	.. / 10
3 Procedures Does the entity effectively apply rules and procedures (e.g. appropriate technical and organisational measures) for protection of personal data (in the provision of grants/procurement/ financial instruments, as appropriate) based on the requirements mentioned under 2?	.. / 10
Total score	.. / 30

SCORE

Answer to level 1 question is YES if the total score for all 3 components is at least 70 % and the score for each individual component is at least 2/10 or 20 %.

Answer to level 1 question is NO if the total score is less than 70 % or the score for one individual component is lower than 2/10 or 20 %.

ANNEX 3 ASSESSMENT PROCEDURES

• ASSESSMENT DOCUMENTATION AND EVIDENCE

• *Assessment documentation (working papers)*

The auditor should in accordance with ISAE 3000, prepare documentation that provides:

- a sufficient and appropriate record of the basis for the auditor's report; and
- evidence that the assessment was planned and performed in accordance with ISAE 3000 and applicable legal and regulatory requirements.

'Documentation' or 'working papers' mean the record of assessment procedures performed, relevant evidence obtained and conclusions the auditor reached. An 'assessment file' refers to one or more folders or other storage media, in physical or electronic form, containing the records that comprise the assessment documentation or working papers for a specific engagement.

• *Evidence*

The auditor should, in accordance with ISAE 3000, ensure that evidence is gathered to support the auditor's conclusion and evidence that the assessment was carried out in accordance with the IFAC *International Framework for Assurance Engagements* and *International Standard on Assurance Engagements ('ISAE') 3000 for Assurance Engagements other than Audits or Reviews of Historical Financial Information*.

The auditor should obtain sufficient appropriate evidence to support assessment findings and to draw reasonable conclusions on which to base the assessment conclusions. The auditor uses their professional judgement to determine whether evidence is sufficient and appropriate.

- *Retention of assessment documentation (work ing papers)* <The Contracting Authority can remove or adapt this part as it sees fit>

The auditor should retain documentation for the engagement (including evidence for fees and expenses such as invoices for hotel accommodation, air plane boarding cards, ticket stubs, time sheets, etc.) for inspection by the contracting authority for 5 years from the date of payment by the contracting authority of the auditor's final invoice for this engagement. The contracting authority should, on request and in accordance with the legislation in the country where the office having responsibility for the assessment is based, have access to the assessment documentation within this five-year period.

• *Access to the entity's records and documents*

The auditor should have full and unrestricted access at any time to all records and documents (including accounting records, contracts, minutes of meetings, bank records, invoices, etc.), to the entity's employees and locations insofar as this is possible and relevant to the assessment. The auditor may ask the entity for access to its banks (e.g. to request a bank confirmation), consultants and others, or to firms the entity has engaged.

- **PLANNING**

5 Preparatory meeting with the entity

The entity normally plans for a preparatory meeting with the auditor. This meeting will take place at the entity's headquarters or another location, depending on which is most appropriate and convenient for both parties. The purpose of this meeting is to discuss the assessment planning, fieldwork and reporting and to clarify outstanding issues. The entity and the auditor may agree on alternative methods to prepare the assessment (e.g. conference calls). During the preparatory meeting, the auditor may request additional information and documents that it considers necessary or useful for the assessment planning and fieldwork.

The entity should inform the Commission about this meeting which may be attended by Commission representatives.

6 Planning activities, assessment plan and assessment work programmes

The auditor should plan the assessment so that it is carried out effectively and efficiently. Adequate planning involves devoting appropriate attention to important assessment areas, identifying and resolving potential problems promptly, and properly organising and managing the assessment so that it is effective and efficient.

The auditor should have an assessment plan (or a similar planning document such as an assessment work plan or a planning memorandum) setting out the assessment approach and key principles of planning, fieldwork and reporting. The auditor should have assessment work programmes that detail and document the assessment tests and procedures.

- **FIELDWORK**

18 Obtaining evidence on the design of systems, controls, procedures and rules

The scope of work should include an assessment of the **design** of relevant systems, controls, procedures and rules that are relevant for the pillar concerned.

Procedures to obtain evidence on the design of systems, controls, procedures and rules may include:

11 talking to members of the entity's staff who may have relevant information;

12 evaluating whether descriptions, if available, fairly present the systems, controls, procedures and rules that have been designed and implemented by the entity;

13 inspecting legal and regulatory documents (e.g. laws, regulations, contracts and agreements), internal instructions and guidance papers (e.g. operating rules, internal control manuals, etc.) and any other document the auditor may consider relevant;

14 observing operations and inspecting documents, reports, printed and electronic records

of transaction processing, accounting procedures (e.g. bank reconciliation) and other key approval and internal control procedures (e.g. periodical expenditure reports, budget–actual comparisons, review and approval of timesheets, etc.), documents relating for example to: (i) the entity’s regulatory framework for external audit; (ii) grant and procurement

11. procedures; and (iii) financial instruments and financial instrument transactions; and

15 repeating controls and procedures.

The auditor may wish to use flowcharts or questionnaires to help assess the design of the controls, procedures and rules.

19 Tests of systems, controls and procedures

The scope of work should include an assessment of whether relevant systems, controls, procedures and rules are **operating effectively**.

A system, control, procedure or rule is operating effectively if, individually or in combination with other systems, controls, procedures or rules, it provides reasonable assurance that:

16 the entity’s objectives (e.g. objectives of the internal control system or of a grant or procurement process) are achieved and, in particular, that risks to the achievement of the objectives are properly managed and controlled;

17 the risks of error, irregularities and fraud are prevented, detected and properly and promptly corrected.

When designing and carrying out tests of the controls, the auditor should:

18 carry out other procedures in addition to inquiries to obtain evidence about:

18.1 how a system operated or how a control, procedure or rule was applied;

18.2 the consistency with which the system worked or a control, procedure or control was applied; and

18.3 by whom or by what means controls, procedures or rules were applied;

19 determine means of selecting items for testing that are effective in meeting the procedure’s objectives.

When determining the extent of tests of the controls, procedures or rules, the auditor must consider factors such as the characteristics of the population to be tested, the nature

of the controls, procedures and rules, the frequency of their application (for example, monthly, daily, a number of times per day), and the expected rate of deviation.

Tests of controls, procedures and rules may include but are not limited to inspection (of records, documents and assets), observation, interviewing the management and others within the entity, confirmation, recalculation and repeating certain procedures.

20 Sampling and other means of selecting items for testing

When designing and performing tests of systems, controls, procedures and rules, the auditor may use sampling or other ways of selecting items for testing. Sampling involves applying the procedures to less than 100 % of items of relevance to the assessment (e.g. a selection of transactions or account balances) such that all sampling units have a chance of being selected. This will provide the auditor with a reasonable basis on which to draw conclusions about the entire population.

Sampling can take either a statistical or non-statistical approach. The auditor may make a well-judged selection of specific items from a population (e.g. high value or key items, all items over a certain amount, items to obtain information or items to test control activities or procedures or rules). Selective examination does not constitute sampling.

While selective examination of specific items will often be an efficient means of obtaining evidence, it does not constitute sampling. The results of procedures applied to items selected in this way cannot be projected or extrapolated to the entire population. Accordingly, selective examination of specific items does not provide evidence on the rest of the population. Sampling, on the other hand, is designed to enable conclusions to be drawn about an entire population on the basis of testing a sample drawn from it.

21 Using the work of internal auditors

When the auditor determines that an internal audit function is likely to be relevant for the assessment they: (a) determine whether and to what extent specific work of the internal auditors can be used; and (b) if using the specific work of the internal auditors, whether that work is adequate for the purposes of the audit. The auditor should comply with *ISA 610 'Using the Work of Internal Auditors'* insofar as this ISA is relevant to the assessment.

22 Written representations

In assurance engagements other than audits or reviews of historical financial information (ISAE 3000) the auditor should obtain representations from the management. A written representation is a statement by the management provided to the auditor to confirm certain matters or to support other assessment evidence.

The auditor may request a letter of representation signed by the member(s) of the entity's management who have the primary responsibility for the entity's systems, controls, procedures and rules.

23 Debriefing memorandum ('aide mémoire')

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The auditor will prepare a debriefing memo for discussion at the closing meeting. The memo should outline the main assessment findings that have resulted from the fieldwork and recommendations. A copy of the memo should be sent to the contracting authority's audit task manager.

24 Closing meeting

The auditor should organise a closing meeting with the entity. The entity should inform the Commission about this meeting which may be attended by Commission representatives.

The purpose of this meeting is to discuss the debriefing memo and to obtain the entity's confirmation and initial comments on the auditor's findings and recommendations. The auditor and the entity can agree on the outstanding information to be provided by the entity and, where applicable, a deadline for submission. The auditor can inform the entity about the reporting procedures. The auditor should document any comments (verbal and written) made by the entity and by Commission representatives and take them into account for the assessment report.

- **REPORTING**

12. Basic reporting requirements and language

13. The auditor should report the assessment's results in accordance with the IFAC International Framework for Assurance Engagements and ISAE 3000, the practices of his/her audit firm and the requirements of these terms of reference (ToR).

The report should be objective, clear, concise, timely and constructive.

14. The report should be presented in the language as indicated in Section 6.4 of the ToR. If the language of the report is other than English or French the auditor should also provide an executive summary of the report in English or French.

15. Date of the assessment report

The date of draft and pre-final reports should be the date when these reports are sent for consultation. The date on the cover page of the final assessment report should be the date when the final assessment report is signed.

Facts and events that have come to the auditor's attention before the final report is signed and which have an impact on the findings in that report must be taken into account. However, the auditor is under no obligation to enquire of the entity's management and/or to carry out further procedures after the closing meeting and before the signature of the final report.

16. Procedure for the consultation and submission of the draft report:

The auditor should submit a draft report to the contracting authority within 14 calendar days

after the day of the closing meeting (i.e. the end of the field work). The draft report should include the entity's comments insofar as these have already been obtained during the assessment fieldwork and the closing meeting.

A paper and an electronic version of the draft report along with a cover letter should be submitted. The word 'draft' should be clearly indicated on all versions.

The entity may send a copy of the **draft** pillar assessment report to the European Commission to seek the Commission's view on specific elements of the draft report¹.

The contracting authority should provide comments to the auditor within 21 calendar days from receipt of the draft report.

The auditor should submit to the contracting authority a revised draft report which takes into account any comments received within <7> calendar days from receipt of the comments.

17. The contracting authority should submit comments to the auditor within <21> calendar days from receipt of the draft report.

18. Procedure for the consultation and submission of the final report:

¹ Without prejudice to the supervisory measures that the Commission shall take, in accordance with Article 154(5) of the Financial Regulation

If no additional fieldwork is required, the auditor should submit a pre-final report to the contracting authority within 7 calendar days from the receipt of comments on the draft report. The word 'pre-final' should be indicated on the cover page of the pre-final report. The contracting authority should inform the auditor in writing whether it accepts the pre-final report within 14 calendar days from receipt of the pre-final report.

The auditor should submit a final report within 7 calendar days from receipt of the comments on the pre-final report.

The auditor should then submit an original paper version and one electronic version of the final report along with a cover note to the entity.

The reports should be provided on the auditor's original letterhead. The word 'final' should be clearly indicated on all versions. The auditor should also send an electronic version of the final report (i.e. a scanned copy (in PDF format) of the signed and dated final report with the auditor's letterhead) to the entity.

The period between the closing meeting and the submission to the contracting authority of the final report should not exceed 8 weeks or 2 months.

The auditor should send an electronic and a paper copy of the **final** pillar assessment report to

the European Commission:

**European Commission Directorate-
General for [...]Audit and Control
Unit
1040 Bruxelles/Brussel, BELGIQUE/BELGIË**

<AUDITOR'S LETTERHEAD>

19. [DRAFT, PRE-FINAL OR FINAL] REPORT

[DATE]

<for the final report this is the date on which the final independent auditor's report is signed; for a draft or pre-final report this is the date on which these reports are sent for consultation>

20. PILLAR ASSESSMENT OF [NAME OF THE ENTITY]

Entity subject to assessment:	[Entity name]
Country:	[Country where the entity is established]
Auditor:	[Audit firm and office responsible for the assessment]
Period subject to assessment:	[date] to [date] [this should normally be the year (12-month period) ending on the day of the start of the field work (<u>on-site</u> procedures) of the assessment]

Dates of assessment fieldwork:	[[date] to [date]]
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INSTRUCTIONS FOR USING THIS MODEL REPORT

This model report for a **pillarassessment** provides a report format and structure for the auditor and includes guidance for the content of the report sections.

- All grey shaded text in *<Italic>* is guidance which should be removed.
- All text which is **not** grey shaded can be used by the auditor for drawing up the report.
The auditor can modify text as it sees fit **except for the prescribed text of the independent auditor's report.**

The prescribed text and wording of the independent auditor's assurance report should be respected at all times and not be changed.

This instruction page should be removed from the report

INDEPENDENT ASSURANCE REPORT

Pillar assessment

[full name and address of the entity]

We have carried out a pillar assessment ('assessment') of [name]; the 'entity'. The objective of the assessment is to provide reasonable assurance to the European Commission as to whether the entity fulfils the requirements set out in points (a) to (f) of Article 154(4) of the Financial Regulation applicable to the General Budget of the European Commission and Article 29.1 of the Financial Regulation applicable to the European Development Fund with regard to the following pillars:

- 4 Grants
- 7 Exclusion from access to funding
- 8 Publication of information on recipients
- 9 Protection of personal data

The scope of our work and our conclusions for each of the respective pillars are set out below.

Respective responsibilities of the entity's management and the auditor

The entity's management are responsible for ensuring that the systems, controls, rules and procedures connected with the pillars comply with internationally accepted standards and with the criteria set by the European Commission for each pillar. The entity's management is also responsible for providing information, documents and access to systems and entity staff to the auditor insofar as this is necessary and relevant for the purpose of this assessment.

Our responsibility is to assess the systems put into place and the controls, rules and procedures applied by the entity for each pillar against the criteria for each pillar and to report our findings in accordance with the terms of reference for this assessment.

These terms of reference specify that we must carry out our work in accordance with the *International Standard for Assurance Engagements 3000* (issued by the International Federation of Accountants) on *Assurance Engagements other than Audits or Reviews of Historical Financial Information* insofar as this standard can be applied in the specific context of this pillar assessment. This standard requires us to observe applicable ethical standards in the conduct of our work.

Scope of work for all pillars

The scope of our engagement includes an assessment of each pillar and of the systems

put in place and controls, rules and procedures applied by the entity.

Depending on the requirements for the pillar concerned our assessment has covered the design or the design and operational effectiveness of the relevant systems, controls, procedures and rules.

Our assessment involved comparing factual information and data relating to systems, controls, rules and procedures against the Commission's criteria. These criteria and the levels of importance (materiality) are set out in Chapter 2.3 of our detailed report.

To determine what is a material weakness or deficiency in systems, controls, rules and procedures we have taken into account the criteria and the levels of importance defined by the Commission as these factors might influence the Commission's decision to entrust budget implementation tasks under indirect management to the entity.

This assessment has primarily looked into the systems, controls, rules and procedures which are in place for the entity's regular operations. The conclusions of this assessment do not relate to specific actions, projects, contracts or agreements, neither present nor future.

Because of its inherent limitations, internal control and other systems, rules and procedures may not necessarily prevent or detect errors. Also, projections of this historic assessment of the design and effectiveness of systems, controls, rules and procedures to future periods are subject to the risk that these systems, controls, rules and procedures may become inadequate because of changes in conditions, or that the degree of compliance with rules and procedures may deteriorate.

We have taken into account all the available evidence presented to us during our fieldwork which we finalised on [date of closing meeting], including the subsequent comments and information of the entity and of the European Commission up to the date of this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

PILLAR 4 GRANTS

The scope of our engagement includes an assessment of whether the entity applies appropriate rules and procedures for providing financing from EU funds through grants. Consequently the procedures performed by us covered the design and the operational effectiveness of the grants system.

Our work concentrated on those aspects and components of the grants system which the Commission considers important and which are detailed in the assessment questionnaires.

Conclusion

<wording to be used for a positive conclusion; remove this part if not applicable>

Overall, in our opinion, based on the work we have performed, the entity applies appropriate rules and procedures in all material respects for providing financing from EU funds through grants and in accordance with the criteria set by the European Commission.

<wording to be used for an adverse conclusion; remove this part if not applicable>

We refer to our findings as set out in Section 1.3: Summary of Findings of our detailed report which sets out the material weaknesses and deficiencies in the grants system.

Overall, in our opinion, because of the material nature of the matters referred to in the preceding paragraph and based on the work we have performed, the entity does not apply appropriate rules and procedures in all material respects for providing financing from EU funds through grants and in accordance with the criteria set by the European Commission.

PILLAR 7 EXCLUSION FROM ACCESS TO FUNDING

The scope of our engagement includes an assessment of whether the entity applies appropriate rules and procedures for excluding third parties from access to funding.

Consequently the procedures performed by us covered the design and the operating effectiveness of the measures taken by the entity for this purpose.

Our work concentrated on those exclusion grounds and measures taken by the entity that the Commission considers important and which are detailed in the assessment questionnaires.

Conclusion

<wording to be used for a positive conclusion; remove this part if not applicable>

Overall, in our opinion, based on the work we have performed, the entity applies appropriate rules and procedures for excluding third parties from access to funding in accordance with the criteria set by the European Commission.

<wording to be used for an adverse conclusion; remove this part if not applicable>

We refer to our findings as set out in Section 1.3: Summary of Findings of our detailed report which sets out the material weaknesses and deficiencies in the entity's exclusion system.

Overall, in our opinion, because of the material nature of the matters referred to in the preceding paragraph and based on the work we have performed, the entity does not apply appropriate rules and procedures for excluding third parties from access to funding in accordance with the criteria set by the European Commission.

PILLAR 8 PUBLICATION OF INFORMATION ON RECIPIENTS

The scope of our engagement includes an assessment of whether the entity makes public information on the recipients of funds in an appropriate and timely manner.

Consequently the procedures performed by us covered the design and the operational effectiveness of the measures taken by the entity for this purpose.

Our work concentrated on those requirements that the Commission considers important and which are detailed in the assessment questionnaires.

Conclusion

<wording to be used for a positive conclusion; remove this part if not applicable>

Overall, in our opinion, based on the work we have performed, the entity applies appropriate rules and procedures for making public information on the recipients of funds in an appropriate and timely manner in accordance with the criteria set by the European Commission.

<wording to be used for an adverse conclusion; remove this part if not applicable>

We refer to our findings as set out in Section 1.3: Summary of Findings of our detailed report which sets out the material weaknesses and deficiencies in the entity's system of publication of information on recipients.

Overall, in our opinion, because of the material nature of the matters referred to in the preceding paragraph and based on the work we have performed, the entity does not apply appropriate rules and procedures for making public information on the recipients of funds in an appropriate and timely manner in accordance with the criteria set by the European Commission.

PILLAR 9 PROTECTION OF PERSONAL DATA

The scope of our engagement includes an assessment of whether the entity ensures protection of personal data equivalent to that referred to in Article 5 of the Financial Regulation.

Consequently the procedures performed by us covered the design and the operational effectiveness of the measures taken by the entity for this purpose.

Our work concentrated on those requirements and measures taken by the entity that the Commission considers important and which are detailed in the assessment questionnaires.

Conclusion

<wording to be used for a positive conclusion; remove this part if not applicable>

Overall, in our opinion, based on the work we have performed, the entity applies appropriate rules and procedures for ensuring protection of personal data in accordance with the criteria set by the European Commission.

<wording to be used for an adverse conclusion; remove this part if not applicable>

We refer to our findings as set out in Section 1.3: Summary of Findings of our detailed report which sets out the material weaknesses and deficiencies in the entity's exclusion system.

Overall, in our opinion, because of the material nature of the matters referred to in the preceding paragraph and based on the work we have performed, the entity does not apply appropriate rules and procedures for ensuring protection of personal data in accordance with the criteria set by the European Commission.

Distribution and use

The entity has requested this report and it is intended solely for the information and use of the entity and the European Commission.

Auditors' signature <person or firm or both, as appropriate>.

Name of auditor signing <person or firm or both, as appropriate>. Auditor's address <office having responsibility for the audit>.

*Date of signature <not be used for draft reports. The date when the **final** report is signed.>*

1 EXECUTIVE SUMMARY

1.1 Conclusions

A summary of our conclusions for each pillar is provided below.

PILLAR	CONCLUSION
1 Internal control system	YES/NO
Has the entity set up and ensured the functioning in all material respects of an effective, efficient and economical internal control system and in accordance with the criteria set by the European Commission?	
2 Accounting system	YES/NO
Does the entity use an accounting system that provides in all material respects accurate, complete, reliable and prompt information that is in accordance with the criteria set by the European Commission?	
3 Independent external audit	YES/NO
Is the entity subject to an independent external audit, required to be performed in all material respects in accordance with internationally accepted auditing standards by an audit service functionally independent of the entity and in accordance with the criteria set by the European Commission?	
4 Grants	YES/NO/NA
Does the entity apply appropriate rules and procedures for providing financing from EU funds through grants and in accordance with the criteria set by the European Commission?	
5 Procurement	YES/NO/NA
Does the entity apply appropriate rules and procedures in all material respects for providing financing from EU funds through procurement and in accordance with the criteria set by the European Commission?	
6 Financial instruments	YES/NO/NA

<p>Does the entity apply appropriate rules and procedures in all material respects for providing financing from EU funds through financial instruments and in accordance with the criteria set by the European Commission?</p> <p>In particular, does the entity apply appropriate rules and procedures with reference to:</p>	
<ul style="list-style-type: none"> Credit risk management system and use of an internal risk rating system? 	YES/NO/NA

• Tax avoidance and non-cooperative jurisdictions?	YES/NO/ NA
• Anti-money laundering and countering terrorism financing?	YES/NO/ NA
7 Exclusion from access to funding	YES/NO/ NA
Does the entity apply appropriate rules and procedures for excluding third parties from access to funding through procurement, grants and/or financial instruments ?	YES/NO/ NA
8 Publication of information on recipients	YES/NO/ NA
Does the entity make public information on the recipients of funds appropriately and within a reasonable timeframe?	YES/NO/ NA
9 Protection of personal data	YES/NO/ NA
Does the entity ensure protection of personal data equivalent to that referred to in Article 5 of the Financial Regulation ¹ ?	YES/NO/ NA

¹ Without prejudice to EU Regulation 2018/1725 and EU Regulation No 2016/679.

1.2 Roadmap

<Suggested length of the roadmap: maximum 2 pages>

We have concluded that the entity does not fully comply with the requirements of pillar(s) [specify pillar(s)].

We have found significant deficiencies and weaknesses in *<briefly describe the main weaknesses and deficiencies for the pillar(s) concerned in accordance with the findings in Section 1.3>*.

We have made a number of critical recommendations to remedy these key weaknesses *<briefly describe the critical recommendations for the pillar(s) concerned in accordance with the recommendations in Section 1.3>*.

We suggest that the entity implements these recommendations for it to become eligible for being entrusted with budget implementation tasks under indirect management by the European Commission.

For this purpose we propose an action plan, i.e. a roadmap that includes a timetable to address and remedy the deficiencies and weaknesses. This roadmap and accompanying timetable for implementing our proposed measures has been discussed and agreed with the entity *<The roadmap should, to the extent possible, be agreed with the entity prior to the issuing of the auditor's final report. If this is not possible the reasons should be clearly explained>*.

Roadmap

<Describe here the roadmap by addressing the following key aspects for each pillar concerned:

- *a brief **narrative** of the main findings, i.e. material weaknesses or deficiencies in systems, controls, procedures and rules;*
- *a brief **narrative** of the proposed action plan to remedy these weaknesses or deficiencies.*

The action plan should clearly set out which proposed measures (i.e. critical recommendations) will be implemented and how they will be implemented and a clear and realistic timetable.>

1.3 Summary of findings and recommendations

See below a summary of our findings and recommendations for each pillar.

Findings

The main findings are the ones that relate to material weaknesses or deficiencies in systems, controls, rules and procedures. 'Material' means that we consider these factors to be so important for the Commission that they might influence the Commission's decision to entrust budget implementation tasks under indirect management to the entity. Therefore, where we have found material findings for a pillar it has led us to express a negative conclusion for it.

The main findings also include cases where several findings which taken individually do not relate to a material weakness or deficiency but which taken together involve a finding of material weakness or deficiency. The combined impact of such findings is considered so important (i.e. material) that it has led us to conclude that the entity does not meet the requirements for the pillar concerned (i.e. the conclusion is 'no').

The other findings are all non-material findings which we believe should be brought to the entity's attention. These findings relate to weaknesses and deficiencies in systems, controls, rules and procedures which, individually or together, carry a less immediate level of risk of the objectives for the pillar concerned not being achieved.

Recommendations

The critical recommendations relate to material weaknesses and deficiencies in systems, controls, rules or procedures and to cases where the European Commission's criteria and/or internationally accepted standards for pillars are not (regularly) complied with.

Our other recommendations relate to all other findings which are not of a material nature. In these cases the weaknesses and deficiencies in systems, controls, rules or procedures have no major and immediate impact on the objectives of these systems, controls, rules or procedures. Nevertheless, we believe that it is relevant for the entity to implement the suggested measures to have the opportunity to improve systems, controls, rules or procedures and to achieve greater effectiveness and/or efficiency.

Each of our recommendations is detailed in Chapters 3 to 8.

We suggest that the entity implements our critical recommendations as set out in the roadmap in Section 1.2 of this report.

PILLAR 4 — GRANTS	
<i>Main findings / critical recommendations</i>	
N o	Description of the finding/recommendation
1	<i>Finding:</i> <short description of the finding, maximum 2 lines>
	<i>Recommendation:</i> <short description of the recommendation, maximum 2 lines>
2	
3	
Etc.	
<i>Other findings / other recommendations</i>	
N o	Description of the finding/recommendation
1	<i>Finding:</i> <short description of the finding, maximum 2 lines>
	<i>Recommendation:</i> <short description of the recommendation, maximum 2 lines>
2	
3	
Etc.	

Note: The number and description of the finding/recommendation must correspond with the detailed finding/recommendation in Section 6.3.1 respectively Section 6.4.2.

PILLAR 7 — EXCLUSION FROM ACCESS TO FUNDING	
<i>Main findings / critical recommendations</i>	
No	Description of the finding/recommendation
1	<i>Finding:</i> <short description of the finding, maximum 2 lines>
	<i>Recommendation:</i> <short description of the recommendation, maximum 2 lines>
2	
3	
Etc.	
<i>Other findings / other recommendations</i>	
No	Description of the finding/recommendation
1	<i>Finding:</i> <short description of the finding, maximum 2 lines>
	<i>Recommendation:</i> <short description of the recommendation, maximum 2 lines>
2	
3	
Etc.	

Note: The number and description of the finding/recommendation must correspond with the detailed finding/recommendation in Section 9.3.1 respectively Section 9.3.2.

PILLAR 8 — PUBLICATION OF INFORMATION ON RECIPIENTS	
<i>Main findings / critical recommendations</i>	
N o	Description of the finding/recommendation
1	<i>Finding:</i> <short description of the finding, maximum 2 lines>
	<i>Recommendation:</i> <short description of the recommendation, maximum 2 lines>
2	
3	
Etc.	
<i>Other findings / other recommendations</i>	
N o	Description of the finding/recommendation
1	<i>Finding:</i> <short description of the finding, maximum 2 lines>
	<i>Recommendation:</i> <short description of the recommendation, maximum 2 lines>
2	
3	
Etc.	

Note: The number and description of the finding/recommendation must correspond with the detailed finding/recommendation in Section 10.3.1 respectively Section 10.3.2.

PILLAR 9 — PROTECTION OF PERSONAL DATA	
<i>Main findings / critical recommendations</i>	
No	Description of the finding/recommendation
1	<i>Finding:</i> <short description of the finding, maximum 2 lines>
	<i>Recommendation:</i> <short description of the recommendation, maximum 2 lines>
2	
3	
Etc.	
<i>Other findings / other recommendations</i>	
No	Description of the finding/recommendation
1	<i>Finding:</i> <short description of the finding, maximum 2 lines>
	<i>Recommendation:</i> <short description of the recommendation, maximum 2 lines>
2	
3	
Etc.	

Note: The number and description of the finding/recommendation must correspond with the detailed finding/recommendation in Section 11.3.1 respectively Section 11.3.2.

2. ENGAGEMENT CONTEXT

2.1 Context

Article 154 of the Financial Regulation² ('FR') applicable to the general budget of the European Union ('EU') sets out the methods of implementing the budget, including 'indirect management'. Under indirect management, the Commission can entrust budget implementation tasks to the countries, organisations and bodies (further referred to as 'entities') indicated in Article 62 of the FR. The following entities may be concerned:

- third countries or the bodies they have designated e.g. Ministry of Interior, Kingdom of Cambodia;
- international organisations and their agencies e.g. United Nations Development Programme (UNDP);
- public law bodies e.g. Kreditanstalt für Wiederaufbau (KfW);
- bodies governed by private law but with a public service mission, to the extent that they provide adequate financial guarantees e.g. Cassa Depositi e Prestiti (CDP).

When such entities manage EU funds, they are required to guarantee a level of protection of the EU's financial interests equivalent to that required under the FR. More specifically, they must meet requirements with regard to nine 'pillars'. These pillars relate to:

- (1) the internal control system ;
- (2) **the accounting system;**
- (3) an independent external

audit; as well as rules and procedures for:

- (4) **providing financing from EU funds through grants;**
- (5) procurement;
- (6) **financial instruments³**

and also:

- (7) **exclusion from access to funding;**
- (8) publication of information on recipients;
- (9) **protection of personal data.**

Entities wishing to work with EU funds under the indirect management mode must therefore undergo a comprehensive **pillar assessment**. Based on the results of the pillar assessment, the Commission will decide whether: (i) it can entrust budget implementation tasks to the entity and; (ii) it can conclude specific agreements (i.e. indirect management delegation agreements) with the entity.

2.2 Description of the entity subject to the assessment

8585

² Regulation (EU) 2018/1046

³ A reference to ‘financial instruments’ is deemed to also include budgetary guarantees.

<Provide a description of the entity. Suggested maximum: 2 pages.

Main features and characteristics of the entity, organisational structure, nature of activities and operations, etc.>

2.3 Criteria used for the assessment and materiality

For each pillar there are three levels of criteria that have been defined by the European Commission through the formulation of (key) questions in *Annex 2 and 2a* of the terms of reference (*Assessment questionnaire and criteria* and *Assessment questionnaire*). To determine what is a material weakness or deficiency in systems, controls, rules and procedures, we have taken into account the criteria and the levels of importance (i.e. the scoring thresholds) defined by the Commission, as these factors might influence the Commission’s decision to entrust budget implementation tasks under indirect management to the entity.

Level 1 (Financial Regulation)

For each pillar there is **one** overarching level 1 question (in *Annex 2 Assessment questionnaire and criteria*) defined on the basis of the Financial Regulation. Only two answers are possible:

- ***The answer to the question at level 1 is ‘yes’. This means that the entity complies with the requirements for the pillar concerned. Our conclusion is positive, which is equivalent to an ‘unqualified opinion’.***
- The answer to the question at level 1 is ‘no’. This means that the entity does not comply with the requirements of the pillar concerned. In this case our conclusion is negative, which is equivalent to an ‘adverse opinion’ under international standards.

Level 2 (Pillar key components)

Key questions at level 2 relate to criteria which the Commission considers essential. For this purpose, key questions and criteria are defined for the key components of each pillar. Components are essentially ‘sub-pillars’ which in turn are composed of blocks of questions in *Annex 2a Assessment questionnaire*.

We have applied professional judgement to attribute a score on a scale of 0 to 10 to each level 2 component in *Annex 2 Assessment questionnaire and criteria* based on the information and evidence we have obtained in *Annex 2a*.

Level 3 (Assessment questionnaire with blocks of questions)

Annex 2a Assessment questionnaire includes blocks of questions which relate to the pillars’ key components at level 2. These blocks of detailed questions have guided us and are basically non-exhaustive examples. This means that we can — but do not necessarily have to — use (all) these (blocks of) questions to determine a score for each

component at level 2.

We have formulated additional questions and performed additional procedures and tests as we deemed necessary or appropriate. We have fully applied our professional judgement for all questions in *Annex 2a* to attribute scores to the pillars' key components at level 2.

3. GRANTS

<See Chapter 3: Internal Control System. The same structure and content should be used.>

a. Description of the grants system

[....]

b. Summary of work performed and criteria used for the assessment

<Provide a summary description of the work, i.e. procedures and tests performed to assess the grants pillar. Briefly describe the criteria used to assess this pillar. The auditor may refer to Chapter 2.3 and to the completed Assessment questionnaire and criteria in Annexes 2 and 3.>

c. Findings and recommendations

Our detailed findings and recommendations are set out below.

i. Main findings and critical recommendations

[....]

ii. Other findings and recommendations

[....]

4. EXCLUSION FROM ACCESS TO FUNDING

<See Chapter 3: Internal Control System. The same structure and content should be used.>

Description of the system used for excluding recipients from access to funding[....]

a. Summary of work performed and criteria used for the assessment

<Provide a summary description of the work, i.e. procedures and tests performed to assess the pillar on exclusion from access to funding. Briefly describe the criteria used to assess this pillar. The auditor may refer to Chapter 2.3 and to the completed Assessment questionnaire and criteria in Annexes 2 and 3.>

b. Findings and recommendations

Our detailed findings and recommendations are set out below.

i. Main findings and critical recommendations

[....]

ii. Other findings and recommendations

[....]

5. PUBLICATION OF INFORMATION ON RECIPIENTS

<See Chapter 3: Internal Control System. The same structure and content should be used.>

a. Description of the system used for publishing information on recipients

[....]

b. Summary of work performed and criteria used for the assessment

<Provide a summary description of the work, i.e. procedures and tests performed to assess the pillar on publication of information on recipients. Briefly describe the criteria used to assess this pillar. The auditor may refer to Chapter 2.3 and to the completed Assessment questionnaire and criteria in Annexes 2 and 3.>

c. Findings and recommendations

Our detailed findings and recommendations are set out below.

i. Main findings and critical recommendations

[....]

ii. Other findings and recommendations

[....]

6.PROTECTION OF PERSONAL DATA

<See Chapter 3: Internal Control System. The same structure and content should be used.>

a. Description of the system used for ensuring the protection of personal data

[....]

b. Summary of work performed and criteria used for the assessment

<Provide a summary description of the work, i.e. procedures and tests performed to assess the pillar on the protection of personal data. Briefly describe the criteria used to assess this pillar. The auditor may refer to Chapter 2.3 and to the completed Assessment questionnaire and criteria in Annexes 2 and 3.>

c. Findings and recommendations

Our detailed findings and recommendations are set out below.

i. Main findings and critical recommendations

[....]

ii. Other findings and recommendations

[....]

ANNEXES

Annex 1: People contacted or involved in the assessment

The auditor — [name of the audit firm]

[Name 1]		[indicate position/title of the person in the audit firm who is ultimately responsible for the engagement and its performance, and for the report that is issued on behalf of the firm, e.g. partner, director or equivalent]
[Name optional]	2;	[optional (if not in conflict with the practices and human resources policies of the audit firm). Indicate the position/title of the person in the audit firm who has been managing the audit, e.g. senior manager]

The entity subject to assessment — [name of the entity]

[Name 1]		[indicate position/title in the entity, e.g. director, finance manager, accountant, programmemanager]
[Name 2]		[as 1]
[Name 3, etc.]		[as 1]

<The following tables should only be completed if and when the Commission has been associated with the assessment and/or has been consulted on a draft version of the assessment report. If not these tables can be removed>

Directorate-General for International Cooperation and Development / Other Directorate-General

[Name 1]		[indicate position/title and unit in the Commission, e.g. head of finance, contracts and audit]
[Name 2]		[as 1]
[Name 3, etc.]		[as 1]

Delegation of the European Union in [country]

[Name 1]		[indicate position in the EU Delegation, e.g. head of finance and contracts, programme officer, contracts officer, finance officer, etc.]
[Name 2]		[as 1]
[Name 3, etc.]		[as 1]

[Indicate name of any other external organisation or person contacted or involved in the audit, such as the entity's statutory auditor or technical assistants. Remove this table if not applicable]

[Name 1]		[indicate position/title in the organisation]
[Name 2, etc.]		[as 1]

ANNEX 2: ASSESSMENT QUESTIONNAIRE AND CRITERIA

*<This Annex must include a copy of **Annex 2** of the terms of reference, i.e. the Assessment questionnaire and criteria **completed by the auditor** >.*

Annex 3: Assessment Questionnaire

*<This Annex must include a full copy of **Annex 2a** of the ToR the Assessment Questionnaire **completed by The Auditor**. The Auditor may provide this document as a separate attachment to this report.*

FORM FOR SUBMITTING SERVICE PROVIDER'S TECHNICAL PROPOSAL

(This Form must be submitted only using the Service Provider's Official Letterhead/Stationery²)

[insert: Location].

[insert: Date]

To: [insert: Name and Address of ISA focal point]

Dear Sir/Madam:

We, the undersigned, hereby offer to render the following services to ISA in conformity with the requirements defined in the RFP dated [specify date], and all of its attachments, as well as the provisions of the General Contract Terms and Conditions:

A. Qualifications of the Service Provider

The Service Provider must describe and explain how and why they are the best entity that can deliver the requirements of ISA by indicating the following:

- a) Profile – describing the nature of business, field of expertise, licenses, certifications, accreditations;
- b) Business Licenses – Registration Papers, Tax Payment Certification, etc.
- c) Track Record – list of clients for similar services, indicating description of contract scope, contract duration, contract value, contact references;
- d) Certificates and Accreditation – including Quality Certificates, Patent Registrations, Environmental Sustainability Certificates, etc.
- e) Written Self-Declaration that the company is not in the UN Security Council 1267/1989 List, UN Procurement Division List or Other UN Ineligibility List.

B. Proposed Methodology for the Completion of Services

² Official Letterhead/Stationery must indicate contact details – addresses, email, phone and fax numbers – for verification purposes

The Service Provider must describe how it will address/deliver the demands of the RFP; providing a detailed description of the essential performance characteristics, reporting conditions and quality assurance mechanisms that will be put in place, while demonstrating that the proposed methodology will be appropriate to the local conditions and context of the work. A broad outline of the report/s is given in the scope of work.

The bidder shall propose its own outline of the report/s in detail in the methodology section of the proposal including the details given in the scope in the “Detail description of the report”.

Proposals without table of content or the outline of the proposed report/s will not be accepted.

C. Qualifications of Key Personnel

The Service Provider must provide:

- a) Names and qualifications of the key personnel that will perform the services indicating who is Team Leader, who are supporting, etc.;
- b) CVs demonstrating qualifications must be submitted.
- c) Written confirmation from each personnel that they are available for the entire duration of the contract.

[Name and Signature of the Service Provider’s Authorized Person]

[Designation]

[Date]

Description of Activity	Remuneration per Unit of Time (in INR)	Total Period of Engagement (in days)	Total Amount (INR)
I. Personnel Services*			
Team Leader			
II. Other related expenses			

Stakeholders Consultation			
Travel			
Misc			
Total			INR

FORM B: BIDDER INFORMATION FORM

Legal name of Bidder	[Complete]
Legal address	[Complete]
Year of registration	[Complete]
Bidder's Authorized Representative Information	Name and Title: [Complete] Telephone numbers: [Complete] Email: [Complete]
Are you a UNGM registered vendor?	<input type="checkbox"/> Yes <input type="checkbox"/> No If yes, [insert UGNM vendor number]
Are you an ISA vendor?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Countries of operation	[Complete]
No. of full-time employees	[Complete]
Quality Assurance Certification (e.g. ISO 9000 or Equivalent) (If yes, provide a Copy of the valid Certificate):	[Complete]
Does your Company hold any accreditation such as ISO 14001 related to the environment? (If yes, provide a Copy of the valid Certificate):	[Complete]
Does your Company have a written Statement of its Environmental Policy? (If yes, provide a Copy)	[Complete]
Contact person ISA may contact for requests for clarification during Proposal evaluation	Name and Title: [Complete] Telephone numbers: [Complete] Email: [Complete]
Please attach the following documents:	<ul style="list-style-type: none"> ▪ Company Profile, which should <u>not</u> exceed fifteen (15) pages, including printed brochures and product catalogues relevant to the goods/services being procured ▪ Certificate of Incorporation/ Business Registration ▪ Tax Registration/Payment Certificate issued by the Internal Revenue Authority evidencing that the Bidder is updated with its tax payment obligations, or Certificate of Tax exemption, if any such privilege is enjoyed by the Bidder ▪ Trade name registration papers, if applicable ▪ Local Government permit to locate and operate in assignment location, if applicable ▪ Official Letter of Appointment as local representative, if Bidder is submitting a Bid in behalf of an entity located outside the country ▪ Power of Attorney

FORM C: JOINT VENTURE/CONSORTIUM/ASSOCIATION INFORMATION FORM

Name of Bidder:	[Insert Name of Bidder]	Date:	Select date
RFP reference:	[Insert RFP Reference Number]		

To be completed and returned with your Proposal if the Proposal is submitted as a Joint Venture/Consortium/Association.

No	Name of Partner and contact information <i>(address, telephone numbers, fax numbers, e-mail address)</i>	Proposed proportion of responsibilities (in %) and type of services to be performed
1	[Complete]	[Complete]
2	[Complete]	[Complete]
3	[Complete]	[Complete]

Name of leading partner (with authority to bind the JV, Consortium, Association during the RFP process and, in the event a Contract is awarded, during contract execution)	[Complete]
--	------------

We have attached a copy of the below document signed by every partner, which details the likely legal structure of and the confirmation of joint and severable liability of the members of the said joint venture:

☐ Letter of intent to form a joint venture **OR** ☐ JV/Consortium/Association agreement

We hereby confirm that if the contract is awarded, all parties of the Joint Venture/Consortium/Association shall be jointly and severally liable to ISA for the fulfillment of the provisions of the Contract.

Name of partner:

Signature: _____

Date: _____

Name of partner:

Signature: _____

Date: _____

Name of partner:

Signature: _____

Date: _____

Name of partner:

Signature: _____

Date: _____

Form D: Qualification Form

Name of Bidder:	[Insert Name of Bidder]	Date:	Select date
RFP reference:	[Insert RFP Reference Number]		

If JV/Consortium/Association, to be completed by each partner.

Historical Contract Non-Performance

<input type="checkbox"/> Contract non-performance did not occur for the last 3 years			
<input type="checkbox"/> Contract(s) not performed for the last 3 years			
Year	Non- performed portion of contract	Contract Identification	Total Contract Amount (current value in US\$)
		Name of Client: Address of Client: Reason(s) for non-performance:	

Litigation History (including pending litigation)

<input type="checkbox"/> No litigation history for the last 3 years			
<input type="checkbox"/> Litigation History as indicated below			
Year of dispute	Amount in dispute (in US\$)	Contract Identification	Total Contract Amount (current value in US\$)
		Name of Client: Address of Client: Matter in dispute: Party who initiated the dispute: Status of dispute: Party awarded if resolved:	

Previous Relevant Experience

Please list only previous similar assignments successfully completed in the last 3 years.

List only those assignments for which the Bidder was legally contracted or sub-contracted by the Client as a company or was one of the Consortium/JV partners. Assignments completed by the Bidder's individual experts working privately or through other firms cannot be claimed as the relevant experience of the Bidder, or that of the Bidder's partners or sub-consultants, but can be claimed by the Experts themselves in their CVs. The Bidder should be prepared to substantiate the claimed experience by presenting copies of relevant documents and references if so, requested by ISA.

Project name & Country of Assignment	Client & Reference Contact Details	Contract Value	Period of activity and status	Types of activities undertaken

Bidders may also attach their own Project Data Sheets with more details for assignments above.

☐ Attached are the Statements of Satisfactory Performance from the Top 3 (three) Clients or more.

Financial Standing

Annual Turnover for the last 3 years	Year	INR/USD
	Year	INR/USD
	Year	INR/USD
Latest Credit Rating (if any), indicate the source		

Financial information (in US\$ equivalent)	Historic information for the last 3 years		
	Year 1	Year 2	Year 3
	<i>Information from Balance Sheet</i>		
Total Assets (TA)			
Total Liabilities (TL)			
Current Assets (CA)			
Current Liabilities (CL)			
	<i>Information from Income Statement</i>		
Total / Gross Revenue (TR)			
Profits Before Taxes (PBT)			
Net Profit			
Current Ratio			

☐ Attached are copies of the audited financial statements (balance sheets, including all related notes, and income statements) for the years required above complying with the following condition:

- Must reflect the financial situation of the Bidder or party to a JV, and not sister or parent companies;
- Historic financial statements must be audited by a certified public accountant;
- Historic financial statements must correspond to accounting periods already completed and audited. No statements for partial periods shall be accepted.

FORM E: FORMAT OF TECHNICAL PROPOSAL

Please ensure that the information below is adapted in accordance with the technical evaluation criteria included in Section 4. The below sections correspond to the sample criteria included in this template RFP in Section 4]

Name of Bidder:	[Insert Name of Bidder]	Date:	Select date
RFP reference:	[Insert RFP Reference Number]		

The Bidder's proposal should be organized to follow this format of Technical Proposal. Where the bidder is presented with a requirement or asked to use a specific approach, the bidder must not only state its acceptance, but also describe how it intends to comply with the requirements. Where a descriptive response is requested, failure to provide the same will be viewed as non-responsive.

SECTION 1: Bidder's qualification, capacity and expertise

- 1.1 Brief description of the organization, including the year and country of incorporation, and types of activities undertaken.
- 1.2 Specific organizational capability which is likely to affect implementation: management structure, financial stability and project financing capacity, project management controls.
- 1.3 Relevance of specialized knowledge and experience on similar engagements for fund-raising done in the region/country.
- 1.4 Quality assurance procedures and risk mitigation measures.
- 1.5 Organization's commitment to sustainability.

SECTION 2: Proposed Methodology, Approach and Implementation Plan

This section should demonstrate the bidder's responsiveness to the TOR by identifying the specific components proposed, addressing the requirements, providing a detailed description of the essential performance characteristics proposed and demonstrating how the proposed approach and methodology meets or exceeds the requirements. All important aspects should be addressed in sufficient detail and different components of the project should be adequately weighted relative to one another.

- 2.1 A detailed description of the approach and methodology for how the Bidder will achieve the Terms of Reference of the project, keeping in mind the appropriateness to local conditions and project environment. Details how the different service elements shall be organized, controlled and delivered.
- 2.2 The methodology shall also include details of the Bidder's internal technical and quality assurance review mechanisms.
- 2.3 Description of available performance monitoring and evaluation mechanisms and tools; how they shall be adopted and used for a specific requirement.
- 2.4 Implementation plan including a Gantt Chart or Project Schedule indicating the detailed sequence of activities that will be undertaken and their corresponding timing.
- 2.5 Demonstrate how you plan to integrate sustainability measures in the execution of the contract.
- 2.6 Any other comments or information regarding the project approach and methodology that will be adopted.

SECTION 2A: Bidder's Comments and Suggestions on the Terms of Reference

Provide comments and suggestions on the Terms of Reference, or additional services that will be rendered beyond the requirements of the TOR, if any.

SECTION 3: Management Structure and Key Personnel

- 3.1 Describe the overall management approach toward planning and implementing the project. Include an organization chart for the management of the project describing the relationship of key positions and designations. Provide a spreadsheet to show the activities of each personnel and the time allocated for his/her involvement.
- 3.2 Provide CVs for key personnel that will be provided to support the implementation of this project using the format below. CVs should demonstrate qualifications in areas relevant to the Scope of Services.

Proposed Format for CV of Key Personnel

NAME OF PERSONNEL	[INSERT]
POSITION FOR THIS ASSIGNMENT	[INSERT]
NATIONALITY	[INSERT]
LANGUAGE PROFICIENCY	[INSERT]

	<p><i>[SUMMARIZE COLLEGE/UNIVERSITY AND OTHER SPECIALIZED EDUCATION OF PERSONNEL MEMBER, GIVING NAMES OF SCHOOLS, DATES ATTENDED, AND DEGREES/QUALIFICATIONS OBTAINED.]</i></p>
<p>EDUCATION/ QUALIFICATIONS</p> <hr/>	<p>[INSERT]</p>
<p>PROFESSIONAL CERTIFICATIONS</p> <hr/>	<p><i>[PROVIDE DETAILS OF PROFESSIONAL CERTIFICATIONS RELEVANT TO THE SCOPE OF SERVICES]</i></p> <hr/> <ul style="list-style-type: none"> ▪ NAME OF INSTITUTION: [INSERT] ▪ DATE OF CERTIFICATION: [INSERT]

EMPLOYMENT RECORD/ EXPERIENCE	<i>[LIST ALL POSITIONS HELD BY PERSONNEL (STARTING WITH PRESENT POSITION, LIST IN REVERSE ORDER), GIVING DATES, NAMES OF EMPLOYING ORGANIZATION, TITLE OF POSITION HELD AND LOCATION OF EMPLOYMENT. FOR EXPERIENCE IN LAST FIVE YEARS, DETAIL THE TYPE OF ACTIVITIES PERFORMED, DEGREE OF RESPONSIBILITIES, LOCATION OF ASSIGNMENTS AND ANY OTHER INFORMATION OR PROFESSIONAL EXPERIENCE CONSIDERED PERTINENT FOR THIS ASSIGNMENT.]</i>
	[INSERT]
	<i>[PROVIDE NAMES, ADDRESSES, PHONE AND EMAIL CONTACT INFORMATION FOR TWO (2) REFERENCES]</i>

REFERENCES	REFERENCE 1:
	[INSERT]
	REFERENCE 2:
	[INSERT]

I, the undersigned, certify that to the best of my knowledge and belief, these data correctly describe my qualifications, my experiences, and other relevant information about myself.

Signature of Personnel

Date (Day/Month/Year)