**14-430/23-2597/3 04.04.2023.**

**Request for expressions of interest for the selection of**

**Company for auditing RCTP 2023**

Loan number: 2000001842

Grant number: 2000001841

The Government of Montenegro (hereinafter called “Borrower”) has received financing from the International Fund for Agricultural Development (hereinafter called the Fund) in the form of Loan and from the Adaptation for Smallholder Agriculture (ASAP) in the form of a Grant toward the cost of the Rural Clustering and Transformation Project (RCTP) and intends to apply a portion of the funds to eligible payments under the Contract for which this Request for Expression of Interest is issued.

RCTP project is being implemented in seven Municipalities- Niksic, Savnik, Zabljak, Petnjica, Berane, Bijelo Polje and Mojkovac.

‘**The Auditor’** refers to the Auditor who is responsible for performing the agreed-upon procedures as specified in this TOR, and for submitting a report of factual findings to the LPA.

The LPA refers to the entity that executes the Project on behalf of the Montenegro and that has signed the Agreements with the Contracting Authority.

* The LPA is responsible for providing a Financial Statements for the services financed by the original loan and additional loan and equally for grants and for ensuring that these Financial Statements can be properly reconciled to the PCU/ RCTP records and accounts in respect of these services.
* The LPA accepts that the ability of the Auditor to perform the procedures required by this engagement effectively depends upon the LPA-PCU-RCTP providing full and free access to their staff and records and accounts.
* The LPA shall provide the auditors with all the necessary documentation to perform the assignment properly; in particular the following information shall be provided to the auditors before the beginning of the assignment:
1. Project Agreement;
2. Annual Progress Report;
3. Project Implementation Manual;
4. Financial Management Manual;
5. Organizational charts along with names and titles of senior managers;
6. Names and qualifications of officers responsible for financial management and accounting.
7. Description of information technology facilities and computer systems in use and
8. Copies of the minutes of negotiations, the Project design document, the annual work programme and budget and the letter to the borrower/recipient.

‘The Auditor’ refers to the Auditor who is responsible for performing the agreed-upon procedures as specified in this TOR, and for submitting a report of factual findings to the LPA.

The Auditor shall provide:

* A separate Opinion on Project Financial Statements (PFS)
* Minimum content of the PFS:
1. Annual and cumulative statements of sources and application of funds, which should disclose separately IFAD funding (original loan, additional loan, grant and additional grant), beneficiaries funds counterpart funding &/or other donors funding;
2. Statement of sources and application of funds.
3. Annual and cumulative SOEs by withdrawal application and category of expenditures; reconciliation of the SA.
4. Reconciliation between the amounts shown as received by the Project and those shown as being disbursed by IFAD should be attached as an annex to the PFS. As part of that reconciliation the auditor will indicate the procedure used for disbursement (Advances, replenishment, special commitments, reimbursement or direct payment) and indicate whether the expenditure is fully documented or uses the Summary of Expenditures Format.
5. Notes accompanying the Financial Statements: Fixed assets and other relevant notes.
6. Cumulative status of funds by category
7. A statement of comparison between the actual expenditures and the budget estimates
8. Full disclosure of cash balances and
9. Other statements or disclosures relevant to the Project .e.g. financial monitoring reports, credit lines / revolving funds, etc.
10. A note on government and beneficiaries in-kind contributions, measurement and disclosure.
* A separate Management Letter addressing the adequacy of the accounting and internal control systems of the Project, including compliance with IFAD’s Procurement Guidelines and such other matters as IFAD may notify the LPA to include in the audit.

The Auditor is requested to:

1. Comment on economy, efficiency and effectiveness in the use of Project resources;
2. Comment on achievement of planned project results;
3. Comment on legal and financial obligations and commitments of the Project and the extent of compliance or non-compliance thereof;
4. Comment on systems and procedures such as improvements in accounting, information technology or computer systems, and operations that may be under development, on which the auditor’s comments are necessary to ensure effective controls;
5. A specific set of comments in relation to the effectiveness of Revolving Fund and funds being received by the end beneficiaries;
6. Comment on other activities on which an auditor may consider it appropriate to report
* The Auditor shall Certify:
1. Whether the PFS are drawn up in conformity with international accepted accounting standards (IFRS or IPSAS)
2. Whether the PFS are accurate and are drawn up from the books of accounts maintained by the Project.
3. Whether the provisions of the Project Agreement are adhered to.
4. Whether Procurement of Goods, Works & Services have been undertaken by the Project in accordance with applicable procurement procedures and the IFAD’s Procurement Guidelines
5. Carry out a physical verification of any significant assets purchased and confirm their existence and use for Project purposes.
6. Whether the Project has an effective system of financial supervision or internal audit at all levels including Revolving Fund activities.
7. Whether the expenditure claimed through SOEs are properly approved, classified and supported by adequate documentation.
8. That the Auditor is a member of National organisation which is a member of the International Federation of Accountants (IFAC).

**Subject of the Engagement**

The subject of this engagement is the financial statements of the year 2023 **(for the financial year ending December 2023 both for the IFAD Loans: 2000001842 and ASAP Grant: 2000001841.** The information, both financial and non-financial, which is subject to verification by the Auditor, is all information which makes it possible to verify that the expenditures claimed by the Project in Financial Statements have occurred, and are accurate and eligible.

**Reason for the Engagement**

The **PCU/RCTP** Service Provider LPA is required to submit to IFAD an Audit Report produced by an external auditor under article (IX) of the General Conditions for Agricultural Development Financing.

***JOB DESCRIPTION***

**Engagement Type and Objective**

This constitutes an engagement to perform specific agreed-upon procedures following the IFAD Guidelines on Project Audits provided to the Auditor by the LPA in Annex 1 of this ToR. The objective of this audit is for the Auditor:

To verify that the expenditures claimed by the Project in the financial statements for the activities covered by the Agreements have occurred (‘reality’), are accurate (‘exact’) and eligible and to submit to the LPA a report of factual findings with regard to the agreed-upon procedures performed. Eligibility means that expenditure has been incurred in accordance with the terms and conditions of the Agreement and to submit a report of factual findings with regards to the agreed procedures performed.

**1.5 Scope of Work**

1.5.1 The Auditor shall undertake this engagement in accordance with these Terms of Reference and:

- In accordance with the International Standard on Audit (ISA) including ISA 701 and subsequent changes introduced. The audit will be carried out based on the professional judgment of the auditor on the extension of tests and controls to apply, and to perform Agreed-upon Procedures regarding Financial Information as promulgated by the IFAC;

- In compliance with the Code of Ethics for Professional Accountants issued by the IFAC. Although ISRS 4400 provides that independence is not a requirement for agreed-upon procedures engagements, the Contracting Authority requires that the auditor also complies with the independence requirements of the Code of Ethics for Professional Accountants.

- In accordance with International Standards on Auditing and in line with IFAD’s Guidelines for Project Audits.

1.5.2 The Terms and Conditions of the Agreement

The Auditor verifies that the funds provided by the Agreements were spent in accordance with the terms and conditions of the Agreements.

1.5.3 Planning, procedures, documentation and evidence

The Auditor should plan the work so that effective audit can be performed. For this purpose, he performs the procedures specified at the IFAD Guidelines on Project Audits and he uses the evidence obtained from these procedures as the basis for the report of factual findings. The Auditor should document matters which are important in providing evidence to support the report of factual findings, and evidence that the work was carried out in accordance with ISA and these TOR.

**1.6 Extended scope:**

The auditor is expected to review overall compliance with relevant parts of the Finance Agreements and Operation Manuals:

1.6.1 Select a representative sample of expenditures and carry out the following detailed tests:

Determine whether advances of funds were justified with documentation, including reconciliations of funds advanced, disbursed, and available. The auditor must ensure that all funding received by the recipient were appropriately recorded in the recipient’s accounting records and that those records were periodically reconciled with information maintained in the main project records.

Review procurement procedures to determine whether sound commercial practices, including competition, were used, reasonable prices were obtained, and adequate controls were in place over the qualities and quantities received.

Review goods and works procured to determine whether they exist or were used for their intended purposes in accordance with the terms of financing agreements, and whether control procedures exist and have been placed in operation to adequately safeguard them. As part of the procedures to determine if they were used for intended purposes, the auditors should perform end-use reviews for an appropriate sample of all items based on the control risk assessment. End-use reviews may include site visits to verify their existence or their use for their intended purposes in accordance with the objectives of the project. Questionable items must be quantified and reported.

Review technical assistance and services procured to determine whether they were used for intended purposes in accordance with the terms of financing agreements. The cost of technical assistance and services not properly used in accordance with terms of financing agreements must be quantified and reported.

Review revolving fund to determine whether they were used for intended purposes in accordance with the terms of financing agreements. The loans issued through revolving fund these are not properly used in accordance with terms of financing agreements must be quantified and reported.

1.6.2. As part of the procedures to determine if funds provided were used for intended purposes, the Auditor should carry field visit to perform end-use reviews for an appropriate sample based on the control risk assessment.

**1.7 Reporting**

The report on this audit should describe the purpose of the engagement in sufficient detail in order to enable the LPA and the Contracting Authority (IFAD) to understand the nature and extent of the procedures performed by the Auditor. Use of the financial and audit reporting is compulsory as governed by IFAD rules including public disclosure of the audit report and financial statements. The Management Letter is not covered by the public disclosure.

1.7.1 Periods Covered

The reports on this audit should cover the following:

IFAD Loans: 2000001842 and ASAP Grant: 2000001841 Montenegro for the Rural Clustering and Transformation Project (RCTP) for the financial year ending 31 December 2023.

Reports must be delivered by the LPA to IFAD within three months after the end of the respective fiscal year.

The initial contract is for the fiscal year 2023 (from 1/1/2023 to 31/12/2023), with possible extension subject to satisfactory performance provided by IFAD.

The Auditor should plan the work so that effective audit can be performed. For this purpose, he performs the procedures specified at the IFAD Guidelines on Project Audits and he uses the evidence obtained from these procedures as the basis for the report of factual findings. The Auditor should document matters which are important in providing evidence to support the report of factual findings, and evidence that the work was carried out in accordance with ISA and these TOR.

This **Request for Expression of Interest** will lead to the selection of the Shortlisted firms, which will receive a Request for Proposal. ***Since the year 2023 is a Project completion and closure year, interested companies should be aware that expenditures incurred by the Project must be audited before closure (31.12.2023.), including the payment of the Audit Consultancy, therefore interested companies need to be prepared, if selected, to submit bank guarantee against advanced payment when asked.***

For evaluation of the expressions of interest the following criteria will be applied:

|  |  |  |
| --- | --- | --- |
|   | **Criteria** | **points** |
| **(I)**  | **The firms past experience and performance on comparable international donors funded projects (Annex 1)** |  |
|   | **Total points for criterion (I)** | 40 |
| **(II)**  | **Key professional staff qualifications and competence for the assignment:** |  |
| (a) | Audit partner (Annex 2) | 25 |
| (b) | Audit manager (Annex 2) | 20 |
| (c)     | Senior Auditor (Annex 2) | 15 |
| **Total points for criterion (II)** | 60 |
| **Total points for all criteria:** | 100 |

The minimum technical score required to pass is: **(75) seventy-five** Points.

Minimum documents to be submitted along with proofs of above criteria fulfilment, to be evaluated:

* Company profile and proof of registration in the Central Register of Business Entities (CRPS);
* Decision on the permission to perform auditing activities issued by the Ministry of Finance;
* License for auditing of all proposed staff, issued by the competent authority, in accordance with the Law on Auditing ("Official Gazette of the Republic of Montenegro", No. 1/17);
* Company’s references (Annex 1);
* Staff CV’s (Annex 2) and
* Self-certification form filled and signed (Annex 3).

Interested firms may obtain further information at the address maja.vukasevic@mpsv.gov.me no later than **12.04.2023. until 10:00h**

**Process and evaluation of the expressions of interest:**

The Ministry of Agriculture, Forestry and Water Management invites interested companies to submit their evidence on the fulfilment of the selection criteria to the following address:

Ministry of Agriculture, Forestry and Water Management

Rimski trg 46, 81000 Podgorica.

**DELIVERY OF EXPRESSION OF INTEREST**

The deadline for submission request for expressions of interest for the selection of firms for audits is no later than **20.04.2023. until 10:00h.**

**ANNEX 1: Company’s references**

**(use the form as much as you need to show Company's references on comparable international donors funded projects)**

|  |  |
| --- | --- |
| Assignment name: | Approx. value of the contract (in current US$ or Euro): |
| Country:Location within country: | Duration of assignment (months): |
| Name of Client: | Total No of staff-months of the assignment: |
| Address: | Approx. value of the services provided by your firm under the contract (in current US$ or Euro): |
| Start date (month/year):Completion date (month/year): | No of professional staff-months provided by associated Consultants: |
| Name of associated Consultants, if any: | Name of senior professional staff of your firm involved and functions performed (indicate most significant profiles such as Project Director/Coordinator, Team Leader): |
| Narrative description of Project: |
| Description of actual services provided by your staff within the assignment: |

Authorised signature and stamp:

**ANNEX 2: Staff CV’s**

**(use the form as much as you need to show proposed staff's references)**

**Curriculum Vitae (CV) for Proposed Professional Staff**

**1. Proposed Position** [*only one candidate shall be nominated for each position*]:

**2. Name of Firm** [*Insert name of firm proposing the staff*]:

**3. Name of Staff** [*Insert full name*]:

**4. Date of Birth**: **Nationality**:

**5. Education**[*Indicate college/university and other specialized education of staff member, giving names of institutions, degrees obtained, and dates of obtainment*]:

**6. Membership of Professional Associations**:

**7. Other Training** [*Indicate significant training since degrees under 5 - Education were obtained*]:

**8. Countries of Work Experience**: [*List countries where staff has worked in the last ten years*]:

**9. Languages** [*For each language indicate proficiency: good, fair, or poor in speaking, reading, and writing*]:

**10. Employment Record**[*Starting with present position, list in reverse order every employment held by staff member since graduation, giving for each employment (see format here below): dates of employment, name of employing organization, positions held.*]:

From [*Year*]: To [*Year*]:

Employer:

Positions held:

|  |  |
| --- | --- |
| **11. Detailed Tasks Assigned**[*List all tasks to be performed under this assignment*] | **12. Work Undertaken that Best Illustrates Capability to Handle the Tasks Assigned**[*Among the assignments in which the staff has been involved, indicate the following information for those assignments that best illustrate staff capability to handle the tasks listed under point 11.*]Name of assignment or project: Year: Location: Client: Main project features: Positions held: Activities performed:  |

**13. Certification:**

I, the undersigned, certify that to the best of my knowledge and belief, this CV correctly describes myself, my qualifications, and my experience. I understand that any wilful misstatement described herein may lead to my disqualification or dismissal, if engaged.

 Date:

*[Signature of staff member or authorized representative of the staff]* *Day/Month/Year*

Full name of authorized representative:

**ANNEX 3: Self-Certification Form**

Self-Certification Form – Bidding Stage

Self-Certification Form

**Preamble:**

In accordance with the IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations, the Fund may investigate and, when applicable, sanction entities and individuals, including by debarring them, either indefinitely or for a stated period of time, to participate in any IFAD-financed or IFAD-managed activity or operation. A debarment includes, *inter alia*, ineligibility to: (i) be awarded or otherwise benefit from any IFAD-financed contract, financially or in any other manner; (ii) be a sub-contractor, consultant, manufacturer, supplier, sub-supplier, agent or service provider of an otherwise eligible firm being awarded an IFAD-financed contract; and (iii) receive the proceeds of any loan or grant provided by the Fund. The Fund may also unilaterally recognize eligible debarments by any of the International Financial Institutions signatories to the Agreement for Mutual Enforcement of Debarment Decisions. [[1]](#footnote-1)

**Self-Certification Form**

This self-certification form is to be completed by the bidder. The bidder shall submit the completed form together with the bid/proposal to Ministry of Agriculture, Forestry and Water Management Instructions for completing this form are provided below.

|  |  |
| --- | --- |
| Full legal name of interested company: |  |
| Full legal name of interested company's legal representative and position: |  |
| Procurement title: | Request for expressions of interest for the selection ofcompany for audit of RCTP- 2023 |
| Procurement reference: | **14-430/22-2597/3** |
| Date: |  |

I hereby certify that I am the authorized representative of *[name of the interested company]*, as well as that the information provided above is true and accurate in all material respects and understand that any material misstatement, misrepresentation or failure to provide the information requested in this certification may result in sanctions and remedies, including the permanent ineligibility to participate in IFAD-financed and/or IFAD-managed activities and operations, in accordance with the IFAD Procurement Guidelines, the IFAD Procurement Handbook and other applicable IFAD policies and procedures, including the **IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations** (accessible at [www.ifad.org/anticorruption\_policy](http://www.ifad.org/anticorruption_policy)) and the **IFAD** **Policy on Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse** (accessible at <https://www.ifad.org/en/document-detail/asset/40738506>).

**Authorized Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Printed Name of Signatory:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

1. The Cross-Debarment Agreement was entered into by the World Bank Group, the Inter-American Development Bank, the African Development Bank, the Asian Development Bank and the European Bank for Reconstruction and Development, additional information may be located at: <http://crossdebarment.org/> [↑](#footnote-ref-1)