

ANNEX III: ORGANISATION & METHODOLOGY

To be completed by the tenderer

Please provide the following information:

1. RATIONALE

- *Any comments you have on the Terms of Reference for the successful execution of activities, in particular regarding the objectives and expected results, thus demonstrating the degree of understanding of the contract. Your opinion on the key issues related to the achievement of the contract objectives and expected results.*

The Auditor will carry out the specific procedures listed in Annex 2A to the Terms of Reference and will submit to the Lead Beneficiary a report of factual findings with regard to the specific verification procedures performed. Verification means that the Auditor will examine the factual information in the Financial Report of the Lead Beneficiary and will compare it with the terms and conditions of the Grant Contract and Partnership Agreement. As this engagement is not an assurance engagement the Auditor will not provide an audit opinion and expresses no assurance.

Main procedures that may be applied in the audit of financial statements of the audited company are:

- Evaluation of quality and reliance degree of bookkeeping and internal control systems.
- Checking of accounts whether they have been filed in accordance with items specified in budget, taking into consideration approved budget amendments, if necessary.
- Checking of activities whether they were applied in conformity with the principle of good financial management, which is in accordance with principles of economy, efficiency and effectiveness;
- Analysis of costs whether they are supported during the phase of operational application.
- Analysis of expenses by means of primary accounting documents in original that bear all information necessary for checking of expenses incurred according to the terms stipulated in the items of budget;
- Checking of acquisitions made by the client whether they have been made in accordance with standards and regulations and legislation on public acquisitions of the Republic of Moldova;
- Checking of goods and services that have been purchased whether they were purchased only for the purpose of project and for a period of project;
- Analysis of agreements on acquisitions whether they were executed in conformity with requirements of acquisitions;
- Checking of registration of all acquisitions in the appropriate way;
- Checking of proof of currency exchange rates on the basis of currency exchange checks;
- Verification of bank transfers for the total amount of project expenses;
- Direct confirmation of bank account balances. Checking by sampling of compliance of current bank balances registered in the books with statements of accounts received directly from the respective bank;
- Analysis of the adequate nature of reserves formed for obligations and known contingencies.

- *An explanation of the risks and assumptions affecting the execution of the contract.*

N/A

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2. STRATEGY

- *An outline of the approach proposed for contract implementation.*

The verification of expenditures and revenues shall be realized in accordance with Programme rules and in accordance with the Terms of Reference.

This audit is operated at the Customer's request and will be realized in conformity with International Audit Standards (IAS), and financial statements at the auditing authority have to comply with requirements of National Bookkeeping Standards (NBS).

Except for general technologies of execution of audit control, mission and subject of audit will include also the requirements stipulated by the Customer in the Specifications.

In result of the audit control there will be drawn by the management an annual report of financial audit for each project period and in the terms established in the Customer's Specifications. •

- *A list of the proposed tasks you consider necessary to achieve the contract objectives.*

The Auditor will obtain an understanding of the terms and conditions of the Grant Contract by reviewing the Grant Contract and its annexes and other relevant information, and by inquiry of the Lead Beneficiary; - will obtain a copy of the original Grant Contract (signed by the Beneficiary(ies) and the Contracting Authority) with its annexes; - will obtain and review the Report (which includes a narrative and a financial section) as per Article 1.12 of the Grant Contract; - will verify whether the Grant Contract is mono or multi-beneficiary (see Grant Contract introduction part; in case of a multi-beneficiary grant the term 'Lead Beneficiary' is used).

The Auditor shall verify that the Financial Report complies with the following conditions of Article 8 of the Grant Contract: – The Financial Report must conform to the model approved by Managing Authority; – The Financial Report should cover the eligible costs of the Action as a whole, regardless of which part of it is financed by the Contracting Authority; – The Financial Report should be drawn up in the language of the Grant Contract and its assumed translation in Romanian;

- *Inputs and outputs.*

Inputs – human resources (key-experts and non-key experts)

Outputs - Report for an Expenditure Verification of a Grant Contract; Control check-list

3. BACKSTOPPING

- A description of the support facilities (back-stopping) that the contractor will provide to the team of experts during execution of the contract. The back-up function will be assessed in the evaluation and should be carefully explained in the organisation and methodology, including the list of staff, units, capacity of permanent staff regularly intervening as experts on similar projects, provision of expertise in the region/country or origin as well as partner countries, organisational structure, etc. which are supposed to ensure that function, as well as the available quality systems and knowledge capitalisation methods and tools, within the respective members of the consortium.

"Audit-Concret" SA has a highly qualified personnel. Our employees possess seniority and experience in the field of audit and bookkeeping.

In the period between 1996-2020 the employees of "Audit-Concret" Company have registered a series of achievements in the field of audit, being among the first holders of audit certificates issued by the Ministry of Finances, as well as the right to carry out the activity on the market of movable assets of the Republic of Moldova, to carry out the audit of insuring companies, property evaluation, right to

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carry out the activity as a manager of bankruptcy and reorganization procedure of economic agents, insolvability and liquidation procedure.

Being good specialists, having vast experience in the operated field, all Company's employees aspire to continuous self-perfection and education, passing trainings and different courses of bookkeeping, taxation, civil law, financial analysis, audit, both in the country and overseas.

Several employees have participated at the Second Project of Private Sector Development, in conformity with the Credit Agreement for development between the Republic of Moldova and Association for International Development being ratified by the Parliament of the Republic of Moldova by Decision No.1533-XIII of February 25, 1998, within which achievement our specialists had trainings at international auditing companies, namely International BDO In the countries of Central and Western Europe in domestic auditing companies, namely: ACTA s.r.o., PRIMASCA AUDIT s.r.o.

Always tending to perfection of knowledge, our employees have participated at the contest of "Community Connections" project completely financed by the American party, in result of which two specialist have won that competition in 2001 and 2003, being delegated to America for training in auditing, insurance and evaluation companies.

Company disposes of the most modern performance information programs and computers. Thus, all specialists of the Company have passed the courses of application of programs used in the Company. As result, the Company keeps accounting records of a number of enterprises with different forms of property and kinds of activity.

All Company employees are members of the Association of Certified Accountants and Auditors of the Republic of Moldova, which at its turn is a member of IFAC, permanently increasing its level of qualification in the given field.

Also, four of our employees are included in the list of trained auditors for carrying out expenditure verification missions within cross-border and transnational cooperation projects (https://mf.gov.md/sites/default/files/Lista_auditorilor_instruiti.pdf)

- *A description of any subcontracting arrangements with a clear indication of the tasks that will be entrusted to subcontractors and a statement by the tenderer guaranteeing the eligibility of subcontractors.*

N/A

4. INVOLVEMENT OF ALL MEMBERS OF THE CONSORTIUM

- *If a tender is submitted by a consortium, a description of the input from each member of the consortium and the distribution and interaction of tasks and responsibilities between them. Furthermore, the involvement of all members of the consortium will be considered added value in the tender evaluation. If the tender is submitted by a single company, the total of available points for this part in the evaluation grid will be allocated.*

N/A

5. TIMETABLE OF WORK

- *The timing, sequence and duration of the proposed tasks, taking into account travel time.*

The verification procedures will be performed during 30 days after the Financial interim/final report will be presented for verification to the controller.

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- *The identification and timing of major milestones in executing the contract, including an indication of how the achievement of these would be reflected in any reports, particularly those stipulated in the Terms of Reference.*

The report on this expenditure verification will describe the purpose, the agreed-upon procedures and the factual findings of the engagement in sufficient detail to enable the Lead Beneficiary and the Contracting Authority to understand the nature and extent of the procedures performed by the Auditor and the factual findings reported by the Auditor. The auditor will use the Model Report for an Expenditure Verification of an EU Grant Contract in Annex 3 of the ToR. This report will be provided by the Auditor to Ministry of internal Affairs represented by Informational technology service, Republic of Moldova within 30 working days for each interim/final report starts.

- *The methodologies contained in the offer should include a work plan indicating the envisaged resources to be mobilised.*

In case we are accepted, we will commence the audit in the term established by the Customer in the Specifications. At commencement of audit we hope to get complete support from your personnel and that we will have at our disposal any records, documents and other information necessary for audit performance.

6. LOG FRAME

A logical framework reflecting the considerations described in items 1 – 3 (see the Project Cycle Management Manual available from the PCM Home page:

Project description	Indicators	Source of Verification	Assumptions
Overall objective – expenses are directly related to the project, necessary for its implementation, and they are in accordance with the approved budget	Quantity – 100% will be checked Quality – according to the Programme rules and the Terms o Reference; Time - 30 days after the Financial interim/final report will be presented for verification to the controller,	The information will be collected by the key-experts and non key-experts during 30 days after the Financial interim/final report will be presented for verification to the controller.	
Purpose – validation of expenditures declared by project partner	Quantity – amount validated Quality – according to the Programme rules and the Terms o Reference; Time - 30 days after the Financial interim/final report will be presented for verification to the controller,	The information will be collected by the key-experts and non key-experts during 30 days after the Financial interim/final report will be presented for verification to the controller.	If the Purpose is achieved, the controller will declare that expenses are directly related to the project, necessary for its implementation, and they are in accordance with the approved budget
Results - Report for an Expenditure Verification of a Grant Contract;	Quantity – 1 report per each verified period Quality – the Model Report for an	The Report for an Expenditure Verification of a Grant Contract will be issued by the key-expert during	If the Results are achieved the controller will validate the eligible expenditures declared

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Control check-list	Expenditure Verification of an EU Grant Contract in Annex 3 of the ToR; Time - 30 days after the Financial interim/final report will be presented for verification to the controller.	30 days after the Financial interim/final report will be presented for verification to the controller.	by project partner
<p>Activities - obtaining an understanding of the terms and conditions of the Grant Contract by reviewing the Grant Contract and its annexes and other relevant information;</p> <p>verification of expenditures and revenues which shall be realized in accordance with Programme rules and in accordance with the Terms of Reference;</p> <p>Issuing Report for an Expenditure Verification of a Grant Contract and Control check-list</p>		The activities will be performed during 30 days after the Financial interim/final report will be presented for verification to the controller.	If the activities will be completed, the controller will issue the Report for an Expenditure Verification of a Grant Contract and the Control check-list

https://ec.europa.eu/europeaid/aid-delivery-methods-project-cycle-management-guidelines-vol-1_en).

- * Checking of goods and services that have been purchased whether they were purchased only for the purpose of project and for a period of project;
 - * Analysis of agreements on acquisitions whether they were executed in conformity with requirements of acquisitions;
 - * Checking of registration of all acquisitions in the appropriate way;
 - * Checking of proof of currency exchange rates on the basis of currency exchange checks;
 - * Verification of bank transfers for the total amount of project expenses;
 - * Direct confirmation of bank account balances. Checking by sampling of compliance of current bank balances registered in the books with statements of accounts received directly from the respective bank;
 - * Analysis of the adequate nature of reserves formed for obligations and known contingencies.
- An explanation of the risks and assumptions affecting the execution of the contract.

N/A