

## REQUEST FOR PROPOSAL

Date: .....

Credit No:

Grant No:

Dear Sir/Madam,

1. The Socialist Republic of Vietnam has received an .... Grant from the International Development Association (Grant No. ....) for .... Project. It is intended that part of this Grant will be applied to eligible payments under the contract for the audit of the project accounts.

2. The *[name of implementing agency]* now invites proposals for the audit service of project financial statements, Statement of Expenditures and Special Accounts. More details on the services are provided in the attached Terms of Reference.

3. You may obtain further information from the office of:  
*[address]*

4. The Request for Proposal are addressed to the following short-listed consultants including your firms:

*[List of Shortlisted Consultants]*

5. Please note that in all cases the *[name of implementing agency]* reserves the right to accept or reject any proposal, and to annul the selection process and reject all proposals at any time prior to award of Contract, without thereby incurring any liability to the affected firms or any obligation to in form the affected firms of the grounds for the Project's action.

6. Please inform us, upon receipt:

(a) that you received the letter of invitation; and

(b) whether you will submit a proposal.

Yours faithfully,

## INFORMATION TO CONSULTANTS

1. The proposals shall be in English language and submitted in two envelopes. Each Technical Proposal and Financial Proposal shall be marked “ORIGINAL” or “COPY” as appropriate. If there are any discrepancies between the original and the copies of the proposal, the original governs.

The original and all copies of the Technical Proposal shall be placed in a sealed envelope clearly marked “Technical Proposal,” and the original and all copies of the Financial Proposal in a sealed envelope clearly marked “FINANCIAL PROPOSAL” and warning: “DO NOT OPEN WITH THE TECHNICAL PROPOSAL.” Both envelopes shall be placed into an outer envelope and sealed. This outer envelope shall bear the submission address and other information indicated in paragraph 2 of Information to Consultants and be clearly marked “DO NOT OPEN, EXCEPT IN PRESENCE OF THE EVALUATION COMMITTEE.”

2. Proposals must be delivered to ..... with the above address at or before

3. The selection shall be conducted in accordance with the Guidelines on Selection and Employment of Consultants by World Bank Borrowers, January 1997, revised September 1997 and January 1999, Least Cost Selection method.

Selection procedures shall be as follows:

The Technical Envelopes shall be opened first and evaluated. Those securing less than the minimum qualifying mark shall be rejected. The financial envelopes of the rest shall be opened and read out in public. The read-out prices shall be corrected for computational errors, converted to a common currency (\_\_\_\_) and adjusted as appropriate to determine evaluated prices. The firm with the lowest evaluated price shall be selected for contract negotiation.

### Technical Evaluation Criteria

*Maximum Points: 100*

No	Evaluation Criteria	Point
1	Firm’s Experience in the Audit of IDA Assisted Development Projects	25
	- Experience in auditing IDA(WB)’s funded projects	15
	- Experience in South East Asian countries preferably in Vietnam	10
2	Proposed methodology and work plan	25
	- Quality of Technical Approach and Methodology	10
	- Proposed work plan in accordance with requested progress	5
	- Organization and Staffing	10
3	Qualifications and Experiences of Key Personnel	50
	- General academic education and qualification of the proposed staff	10
	- Adequacy for the assignment	30
	- Experience in the region and languages	10
	<b>Total</b>	<b>100</b>

The minimum qualifying mark is 70.

#### **4. Minimum Standards and Qualifications of Personnel Proposed for this assignment**

4.1 The Audit Manager is required to be a qualified accountant and hold current membership of an internationally-recognised accounting institution e.g. CPA; CA; ACCA or equivalent. The Audit Manager is required to have a minimum of ten years practical experience, with at least three years in Southeast Asia preferably Vietnam. Audit Assistants are required to be graduates of a recognised university in the fields of Commerce, Economics, Accounting and Auditing or equivalent. Audit Assistants must have a minimum of three years relevant experience.

4.2 The auditor should become familiar with the following World Bank documents: *Bank's Guideline on Financial Reporting and Auditing of Projects Financed by the World Bank*; and the *Bank's Disbursement Handbook*. Both documents can be obtained from the Bank Task Team Leader responsible for the project.

#### **5. Preparation of Financial Proposals**

In preparing the Financial Proposal, consultants are expected to take into account the requirements and conditions outlined in the RFP documents. The Financial Proposal should include all costs associated with the assignment, including (a) remuneration for staff (foreign and local, in the field and at headquarters), and (b) reimbursable expenses such as subsistence (per diem, housing), transportation (international and local, for mobilization and demobilization), services and equipment (vehicles, office equipment, furniture, and supplies), office rent, insurance, printing of documents, surveys, etc.

The costs should be broken down per activity, and for each year 2002, 2003, 2004 using the sample forms attached.

The Financial Proposal should clearly estimate, as a separate amount, the local taxes (including social security), duties, fees, levies, and other charges imposed under the applicable law, on the consultants, the subconsultants, and their personnel (other than nationals or permanent residents of the government's country).

Consultants may express the price of their services in the currency of any Bank member country or in the euro. The consultants may not use more than three foreign currencies. The Consultants should state their local expenditure in national currency (Vietnam Dong).

The proposals must remain valid for \_\_\_\_\_ days after the submission date. During this period, the consultant is expected to keep available the professional staff proposed for the assignment. The Client will make its best effort to complete negotiations within this period. If the Client wishes to extend the validity period of the proposals, the consultants who do not agree have the right not to extend the validity of their proposals.

**SAMPLE CONTRACT FOR CONSULTING SERVICES**

**Small Assignments**

Lump-Sum Payments  
(IBRD/IDA Financed)

The World Bank  
Washington, D.C.

**June 1995**



**SAMPLE CONTRACT FOR CONSULTING SERVICES  
SMALL ASSIGNMENTS  
LUMP-SUM PAYMENTS  
(IBRD/IDA FINANCED)**

**CONTRACT**

THIS CONTRACT (“Contract”) is entered into this *[insert starting date of assignment]*, by and between *[insert Client’s name]* (“the Client”) having its principal place of business at *[insert Client’s address]*, and *[insert Consultant’s name]* (“the Consultant”) having its principal office located at *[insert Consultant’s address]*.

WHEREAS, the Client wishes to have the Consultant perform the services hereinafter referred to, and

WHEREAS, the Consultant is willing to perform these services,

NOW THEREFORE THE PARTIES hereby agree as follows:

- 1. Services**
- (i) The Consultant shall perform the services specified in Annex A, “Terms of Reference and Scope of Services,” which is made an integral part of this Contract (“the Services”).
  - (ii) The Consultant shall provide the personnel listed in Annex B, “Consultant’s Personnel,” to perform the Services.
  - (iii) The Consultant shall submit to the Client the reports in the form and within the time periods specified in Annex C, “Consultant’s Reporting Obligations.”

**2. Term** The Consultant shall perform the Services during the period commencing *[insert starting date]* and continuing through *[insert completion date]*, or any other period as may be subsequently agreed by the parties in writing.

**3. Payment** A. Ceiling

For Services rendered pursuant to Annex A, the Client shall pay the Consultant an amount not to exceed *[insert amount]*. This amount has been established based on the understanding that it includes all of the Consultant's costs and profits as well as any tax obligation that may be imposed on the Consultant.

B. Schedule of Payments

The schedule of payments is specified below:<sup>1</sup>

*[insert amount and currency]* upon the Client's receipt of a copy of this Contract signed by the Consultant;

*[insert amount and currency]* upon the Client's receipt of the draft report, acceptable to the Client; and

*[insert amount and currency]* upon the Client's receipt of the final report, acceptable to the Client.

*[insert amount and currency]* Total

C. Payment Conditions

Payment shall be made in *[specify currency]*, no later than 30 days following submission by the Consultant of invoices in duplicate to the Coordinator designated in paragraph 4.

**4. Project Administration**

A. Coordinator.

The Client designates Mr./Ms. *[insert name]* as Client's Coordinator; the Coordinator will be responsible for the coordination of activities under this Contract, for acceptance and approval of the reports and of other deliverables by the Client and for receiving and approving invoices for the payment.

B. Reports.

The reports listed in Annex C, "Consultant's Reporting Obligations," shall be submitted in the course of the assignment, and will constitute the basis for the payments to be made under paragraph 3.

**5. Performance Standards**

The Consultant undertakes to perform the Services with the highest standards of professional and ethical competence and integrity. The Consultant shall promptly replace any employees assigned under this Contract that the Client considers unsatisfactory.

**6. Confidentiality**

The Consultants shall not, during the term of this Contract and within two years after its expiration, disclose any proprietary or confidential

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<sup>1</sup> Modify, in order to reflect the output required, as described in Annex C.

information relating to the Services, this Contract or the Client's business or operations without the prior written consent of the Client.

- 7. Ownership of Material** Any studies reports or other material, graphic, software or otherwise, prepared by the Consultant for the Client under the Contract shall belong to and remain the property of the Client. The Consultant may retain a copy of such documents and software.<sup>2</sup>
- 8. Consultant Not to be Engaged in Certain Activities** The Consultant agrees that, during the term of this Contract and after its termination, the Consultant and any entity affiliated with the Consultant, shall be disqualified from providing goods, works or services (other than the Services and any continuation thereof) for any project resulting from or closely related to the Services.
- 9. Insurance** The Consultant will be responsible for taking out any appropriate insurance coverage.
- 10. Assignment** The Consultant shall not assign this Contract or sub-contract any portion of it without the Client's prior written consent.
- 11. Law Governing Contract and Language** The Contract shall be governed by the laws of *[insert government]*, and the language of the Contract shall be<sup>3</sup> *[insert language]*.
- 12. Dispute Resolution<sup>4</sup>** Any dispute arising out of the Contract, which cannot be amicably settled between the parties, shall be referred to adjudication/arbitration in accordance with the laws of the Client's country.

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<sup>2</sup> Restrictions about the future use of these documents and software, if any, shall be specified at the end of paragraph 7.

<sup>3</sup> The law selected by the Client is usually the law of its country. However, the Bank does not object if the Client and the Consultant agree on another law. The language shall be English, French, or Spanish, unless the Contract is entered into with a domestic firm, in which case it can be the local language.

<sup>4</sup> In the case of a Contract entered into with a foreign Consultant, the following provision may be substituted for paragraph 12: "Any dispute, controversy or claim arising out of or relating to this Contract or the breach, termination or invalidity thereof, shall be settled by arbitration in accordance with the UNCITRAL Arbitration Rules as at present in force."

FOR THE CLIENT

FOR THE CONSULTANT

Signed by \_\_\_\_\_

Signed by \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

## **LIST OF ANNEXES**

Annex A: Terms of Reference and Scope of Services

Annex B: Consultant's Personnel

Annex C: Consultant's Reporting Obligations

SAMPLE TERMS OF REFERENCE FOR THE  
AUDIT OF THE FINANCIAL STATEMENTS OF AN IMPLEMENTING  
ENTITY INCLUDING PROJECT FINANCIAL  
STATEMENTS

(and Accompanying SOE and SA Where Applicable)

OBJECTIVE

1. The objective of the audit of the Implementing Entity (hereafter called the “Entity”) Financial Statements is to enable the auditor to express a professional opinion on the Entity Financial Statements - FS (comprising Balance Sheet, Income Statement, Cash Flow Statement, and Notes to the Financial Statements) at the end of each fiscal year.
2. In addition to the required opinion on the Entity Financial Statements - “Entity FS”, the auditor must also express an opinion, where applicable, on the Project under implementation with additional reference with respect to the Statement of Expenditures (SOE) and Special Account (SA), where applicable.

FINANCIAL STATEMENTS TO BE AUDITED

Entity Financial Statements

3. The Entity Financial Statements should be presented in accordance with International Accounting Standards, and where other standards are used, significant deviations from IAS should be reflected in the notes to the Financial Statements.

Project Financial Statements

4. The Project Financial Statements may be separately presented with its own Audit opinion, or it may be presented as an Attachment to the Entity FS with the auditor’s opinion integrated as a separate paragraph in the overall opinion on the Entity (see example attached -----). it should comprise:
  - (a) a Summary of Funds received, showing the World Bank, project funds from other donors, and counterpart funds separately, both for the current fiscal year and accumulated to date; and
  - (b) a Summary of Expenditures shown under the main project headings and by main categories of expenditures, both for the current fiscal year and accumulated to date;

The SOE and SA Financial Statements will normally be presented as Tables of the Project Financial Statements, with the auditor’s opinion thereon integrated in that of the Project (see FARAH, Annex XX1 page 140).

## Statement of Expenditure Financial Statements

5. The SOE Financial Statements should list individual SOE withdrawal applications for the current period by specific reference number and amount. The total withdrawals under the SOE procedure should agree with amount disbursed by the Bank, either through the Special Account or directly, and agreed with the Project Financial Statements (see FARAH Annex X111, page 107).

## Special Account Financial Statements

6. The SA Financial Statement usually comprises deposits and replenishments received from the Bank; payments substantiated by withdrawal applications; interest that may be earned from the balances and which belong to the borrower; and the remaining balances at the end of each fiscal year.

## SCOPE OF THE AUDIT

7. The audit will be carried out in accordance with International Standards of Auditing (ISA), and will include such tests and controls as the auditor considers necessary under the circumstances. In carrying out the audit, certain aspects relating to Bank procedures, and discussed below, require special attention:

### Project

8. In conducting the audit of the Project (name of Project showing Loan/Credit number), the audit should ascertain the following:

(a) that all external funds have been used in accordance with the conditions of the relevant financing agreements, with due attention to economy and efficiency, and only for the purposes for which the financing was provided. Relevant financing agreements are (name and number of loan agreement);

(b) that counterpart funds have been provided and used in accordance with the relevant financing agreements, with due attention to economy and efficiency, and only for the purposes for which they were provided;

(c) that goods and services financed have been procured in accordance with the relevant financing agreement;

(d) that all necessary supporting documents, records, and accounts have been kept in respect of all project ventures [including expenditures reported via SOE or SA]. Clear linkages should exist between the books of account and reports presented to the Bank; and

(e) that were Special Accounts have been used, they have been maintained in accordance with the provisions of the relevant financing agreement.

The auditor should review the reconciliation between the amounts shown as “received by the project from the World Bank” and that shown as being disbursed by the Bank (as per the Bank’s statement).

#### Statement of Expenditure

9. In auditing the Project Financial Statement, the auditor is required to audit a representative sample (taking into consideration the internal control system) of SOEs used as the basis for the submission of withdrawal applications. The auditor should apply such tests and review of controls as the auditor considers necessary under the circumstances. These expenditures should be carefully compared for project eligibility with the relevant financing agreements, and with reference to the Staff Appraisal Report for guidance when considered necessary. Where ineligible expenditures are identified as having been included in withdrawal applications and reimbursed against, these should be separately noted by the auditor.

#### Special Account

10. The auditor should review the degree of compliance with Bank’s procedures and the balance of the Special Account at year-end. The audit should examine the eligibility and correctness of financial transactions during the period under review and fund balances at the end of such a period, the operation and use of the SA in accordance with the financing agreement, and the adequacy of internal controls for this type of disbursement mechanism. (for this project, the Special Accounts are referred to in [cite references] of the relevant financing agreements).

#### AUDIT OPINION

11. The audit opinion on the Entity should be based on the model prescribed by International Standards on Auditing. Where the project Financial Statements are integrated with that of the Entity, a separate paragraph should be included in the auditor’s opinion with respect to the Project FS. Separate paragraphs should also be included for SOE and SA Financial Statements where appropriate (see FARAH Annex XX1, page 140 & 141 for the opinion paragraph, for examples).

12. The audited financial statements, including the audit report, should be received by the Bank no later than six months after the end of the accounting period to which the audit refers. The auditor should submit the report to the borrower’s designated agent rather than to any staff member of the project entity. The agent should then promptly forward two copies of the audited accounts and report to the Bank.

#### MANAGEMENT LETTER

13. In addition to the audited financial statements, the auditor should prepare a “management letter”, in which the auditor will:

(a) give comments and observations on the accounting records, systems, and controls that were examined during the course of the audit;

(b) identify specific deficiencies and areas of weakness in systems and controls and make recommendation for their improvement;

(c) report on the degree of compliance of each of the financial covenants on the financing agreement and give comments, if any, on internal and external matters affecting such compliance;

(d) communicate matters that have come to attention during the audit which might have a significant impact on the implementation of the project; and

(e) bring to the borrower’s attention any other matters that the auditors considers pertinent.

The management letter may be used to comment on any special audit procedures required, of a compliance nature (these should be spelt out e.g. review of procurement).

#### GENERAL

14. The auditor should be given access to all legal documents, correspondence, and any other information associated with the project and deemed necessary by the auditor. confirmation should also be obtained of amounts disbursed and outstanding at the Bank [and of amounts disbursed under \_\_\_\_\_ grant, if any]. Bank Task Managers can assist in obtaining these confirmations.

15. It is highly desirable that the auditor become familiar with a copy of the Bank’s Project Financial Management Manual, the Bank’s Financial Accounting Reporting and Auditing Handbook and the Bank’s East Asia Pacific Audit Manual which summarize the Bank’s financial reporting and auditing requirements. The auditor should also be familiar with the Bank’s Disbursement Manual. All documents may be provided by the Task Manager.

SAMPLE TERMS OF REFERENCE FOR THE  
AUDIT OF PROJECT FINANCIAL STATEMENTS  
(and Accompanying SOE and SA Where Applicable)

*Objective*

The objective of the audit of the Project Financial Statements (PFS) is to enable the auditor to express a professional opinion on the financial position of [\_\_\_\_\_] project at the end of each fiscal year and of the funds received and expenditures for the accounting period ended mm/dd/yy, as reported by the PFS, [as well as an opinion on the Statement of Expenditures and the Special Account, where applicable].

The project accounts (books of account) provide the basis for preparation of the PFS and are established to reflect the financial transactions in respect of the project, as maintained by the project implementing agency [\_\_\_\_\_].

*Scope*

The audit will be carried out in accordance with International Standards of Auditing, and will include such tests and controls as the auditor considers necessary under the circumstances. In carrying out the audit special attention should be paid to the following:

- (a) All external funds have been used in accordance with the conditions of the relevant financing agreements, with due attention to economy and efficiency, and only for the purposes for which they were provided. Relevant financing agreements are (name of loan agreement);
- (b) Counterpart funds have been provided and used in accordance with the relevant financing agreements, with due attention to economy and efficiency, and only for the purposes for which they were provided;
- (c) Goods and services financed have been procured in accordance with the relevant financing agreement;
- (d) All necessary supporting documents, records, and accounts have been kept in respect of all project ventures [including expenditures reported via SOE or SA]. Clear linkages should exist between the books of account and reports presented to the Bank;
- (e) Where Special Accounts have been used, they have been maintained in accordance with the provisions of the relevant financing agreement;
- (f) The project accounts have been prepared in accordance with consistently applied **[cash basis accounting or International Accounting Standards – please indicate which]** and give a true and fair view of the financial situation of the project at mm/dd/yy and of resources and expenditures for the year ended on that date.

### *Project Financial Statements*

The Project Financial Statements should include:

- (a) a Summary of Funds received, showing the World Bank, project funds from other donors, and counterpart funds separately;
- (b) a Summary of Expenditures shown under the main project headings and by main categories of expenditures, both for the current fiscal year and accumulated to date; and
- (c) a Balance Sheet showing Accumulated Funds of the Project, bank balances, other assets of the project, and liabilities, if any.

As an annex to the Project financial statements, the auditor should prepare a reconciliation between the amounts shown as “received by the project from the World Bank” and that shown as being disbursed by the Bank. As part of that reconciliation, the auditor should indicate the mechanism for the disbursement, i.e. Special Accounts, Statements of Expenditures, or direct reimbursement.

### *Statements of Expenditures*

In addition to the audit of the PFS, the auditor is required to audit all SOEs used as the basis for the submission of withdrawal applications. The auditor should apply such test and controls as the auditor considers necessary under the circumstances. These expenditures should be carefully compared for project eligibility with the relevant financing agreements, and with reference to the Staff Appraisal Report for guidance when considered necessary. Where ineligible expenditures are identified as having been included in withdrawal applications and reimbursed against, these should be separately noted by the auditor. Annexed to the Project Financial Statements should be a schedule listing individual SOE withdrawal applications by specific reference number and amount. The total withdrawals under the SOE procedure should be part of the overall reconciliation of Bank disbursements described above.

### *Special Account*

In conjunction with the audit of the Project financial Statements, the auditor is also required to audit the activities of the Special Accounts associated with the Project. The Special Accounts usually comprise:

- deposits and replenishments received from the Bank;
- payments substantiated by withdrawal applications;
- interest that may be earned from the balances and which belong to the Borrower; and
- the remaining balances at the end of each fiscal year.

The auditor must form an opinion as to the degree of compliance with the Bank’s procedures and the balance of the Special Account at year-end. The audit should examine the eligibility and correctness of financial

transactions during the period under review and fund balances at the end of such a period, the operation and use of the SA in accordance with the financing agreement, and the adequacy of internal controls for this type of disbursement mechanism.

For this project, the Special accounts are referred to in [*cite references*] of the relevant financing agreements. Special Accounts statements and the auditor's report should be included with the Project Financial Statements.

#### *Audit Opinion*

Besides a primary opinion on the Project Financial Statements, the annual audit report of the Project Accounts should include a separate paragraph, where applicable, commenting on the accuracy and propriety of expenditures withdrawn under SOE procedures and the extent to which the Bank can rely on SOEs as a basis for loan disbursement and a separate paragraph on the Special Account. The financial statements, including the audit report, should be received by the Bank no later than [*three to six*] months after the end of the accounting period to which the audit refers. The auditor should submit the report to the borrower's designated agent rather than to any staff member of the project entity. The agent should then promptly forward two copies of the audited accounts and report to the Bank.

#### *Management Letter*

In addition to the audit reports, the auditor will prepare a "management letter", in which the auditor will:

- (a) give comments and observations on the accounting records, systems, and controls that were examined during the course of the audit;
- (b) identify specific deficiencies and areas of weakness in systems and controls and make recommendation for their improvement;
- (c) report on the degree of compliance of each of the financial covenants on the financing agreement and give comments, if any, on internal and external matters affecting such compliance;
- (d) communicate matters that have come to attention during the audit which might have a significant impact on the implementation of the project; and
- (e) bring to the borrower's attention any other matters that the auditors considers pertinent.

#### *General*

The auditor should be given access to all legal documents, correspondence, and any other information associated with the project and deemed necessary by the auditor. Confirmation should also be obtained of amounts disbursed and outstanding at the Bank and of amounts disbursed

under [*specify other donor, loan or grant, if any*]. Bank Task Managers can assist in obtaining these confirmations.

It is highly desirable that the auditor become familiar with a copy of the Bank's *Project Financial Management Manual* and the Bank's *Financial Accounting, Reporting and Auditing Handbook* and the Bank's East Asia Pacific *Audit Manual* which summarizes the Bank's financial reporting and auditing requirements. The auditor should also be familiar with the Bank's *Disbursement Manual*. All documents may be provided by the Task Manager.