



ARIAS SOCIETY

Assam Rural Infrastructure and Agricultural Services Society

(An Autonomous Body of the Govt. of Assam)

**Project Coordination Unit (PCU) of the World Bank financed
Assam Agribusiness and Rural Transformation Project (APART)
Assam Citizen-Centric Service Delivery Project (ACCSDP)**

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DRAFT TERMS OF REFERENCE

**FOR ENGAGEMENT OF A CHARTERED ACCOUNTANCY FIRM FOR CONDUCTING AUDIT
OF THE ACCOUNTS OF THE ARIAS SOCIETY [COVERING WORLD BANK FINANCED ASSAM AGRIBUSINESS & RURAL
TRANSFORMATION PROJECT (APART) AND ASSAM CITIZEN-CENTRIC SERVICE DELIVERY PROJECT (ACCSDP)] AND
SAMPLE VERIFICATION OF THE PROCUREMENTS & PHYSICAL ASSETS CREATED, UNDER APART AND ACCSDP.**

(A) Background

1. The Government of Assam (GoA) through Government of India (GoI) has received two loans from the World Bank for implementation of Assam Agribusiness and Rural Transformation Project (APART) [Loan Number 8780-IN]& Assam Citizen-Centric Service Delivery Project (ACCSDP) [Loan Number 8754-IN]. The ARIAS Society is the project Coordinating & Monitoring agency for APART and the Society is the implementing agency for ACCSDP.
2. The project cost of APART is **US\$ 262.40 million** and that of ACCSDP is **US\$ 49.00 million**. Out of the total project cost, the corresponding World Bank's loan amount for the projects are **US\$ 200.00 million** and **US\$39.20 million** respectively.
3. **Project Development Objective (PDO):**
 - **The PDO of APART** is to *"Add value and improve resilience of selected agriculture value chains, focusing on smallholder farmers & agro-entrepreneurs and to advance Assam's COVID-19 response"*.
 - **The PDO of ACCSDP** is to *"improve access in the delivery of select public services in Assam"*.
4. There are four components of APART: **The first component is Enabling Agri Enterprise Development**, with sub components being (i) Enhancing state capacity to attract private investments, (ii) Setting up of an Enterprise Development and Promotion Facility (EDPF) and (iii) Setting up of an Agribusiness Investment Fund (AIF) (iv) Establishing stewardship councils. **The second component is Facilitating Agro Cluster Development** with sub-components being- (i) Support establishment of cluster level Industry Associations (IAs) and (ii) Supply Chain Support. **The third component is Fostering Market Led Production and Resilience Enhancement** with sub components being (i) Promoting climate resilient technologies and their adoption; (ii) Facilitating market linkages through market intelligence and product aggregation and (iii) Facilitating access to and responsible use of financial services. **The fourth component is Project Management, Monitoring & Learning.**
5. The ACCSDP consists of two components. **Component One: Technical Assistance** will finance activities designed to strengthen RTPS implementation; support process reforms/e-enablement in targeted services; establish Public Facilitation Centres; and create citizen feedback mechanisms. Both components will disburse against eligible expenditures upon submission of IFRs. Additionally, **Component Two: Results-based Financing** provides incentives for achieving results with respect to improving the access and accountability of RTPS services, will disburse upon achievement of Disbursement Linked Indicators (DLIs) associated with agreed eligible expenditure programs (EEPs).

6. **Project Area and line departments/agencies:**

- a) **APART:** The APART project is being implemented in the 19 districts of Assam viz. 1. Nagaon, 2. Sonitpur, 3. Barpeta, 4. KarbiAnglong, 5. Kamrup, 6. Dhubri, 7. Golaghat, 8. Kokrajhar, 9. Lakhimpur, 10. Darrang, 11. Cachar, 12. Sivasagar, 13. Jorhat, 14. Goalpara, 15. Morigaon, 16. Nalbari, 17. Dhemajai, 18. Bongaigaon, and 19. Hailakandi.

The following Directorates/agencies of the Govt. of Assam are associated with the project – vis. Commissionerate of Industries & Commerce; Directorates of Agriculture/Fishery /Horticulture &FP /AH & Veterinary Dairy Development / Sericulture, Assam/ Handloom & Textiles/Director of Research (Agri), AAU, Jorhat / Assam State Warehousing Corporation (ASWC)/ West Assam Milk Producers Cooperative Union Ltd (WAMUL) – Purabi Dairy / Assam State Agricultural Marketing Board (ASAMB)/ Public Works Roads Department (PWRD) (EAP). The List of Accounting Centers of APART is furnished at **Annex-1**.

- b) **ACCSDP:** The ACCSDP project is being implemented by the ARIAS Society directly. Even though there are currently four (4) line Departments/Agencies viz. Transport, Welfare of Plain Tribes and Backward Classes (WPT& BC), Revenue & Disaster Management (R&DM) and Guwahati Municipal Corporation (GMC). Except, PMU of ARIAS Society, there are no other Accounting Centers as of now.

7. **The expenditure under APART for the Financial Year 2021-22 was approximately of Rs 150 crores and the expenditure under ACCSDP for the F.Y 21-22 was approximately Rs 60 crores.** The external audit for the ARIAS Society, for both the APART and ACCSDP for **FY 2020-21** has been completed. The instant ToR is for conducting External Audit (including conducting audit on procurement post review aspects) through a Chartered Accountancy (CA) firm (to be engaged through a competitive process) both for APART and ACCSDP for the **FY 2021-22**, and also for subsequent two Financial Years (FY) of the project, subject to satisfactory performance by the CA firm as assessed by SPD, ARIAS Society/World Bank.

(B) Objectives of the Assignment:

8. The primary objective of the assignment is to (i) provide an opinion on the Project specific (APART and ACCSDP) and Entity financial Statements of the ARIAS Society and and(ii) sample verification of the Procurements & Physical Assets created under APART through a Chartered Accountancy (CA) firm as External Auditor. This will include :

- a) Audit of the Project Financial Statements(PFS) of APART and ACCSDP;
- b) Audit of the Interim Unaudited Financial Statements of APART and ACCSDP and its reconciliation with the audited eligible expenditure.
- c) Audit the Financial Statement of the ARIAS Society,
- d) Audit of the **10%** of the randomly selected contracts of each of projects viz. APART and ACCSDP, on an annual basis vis-à-vis the provisions in the relevant procurement regulations/guidelines of the World Bank's¹;
- e) Audit/Physical verification and community procurement of approx. **10%** of the randomly selected physical assets created/ purchased under each projects viz. APART (*including assets with community groups/ grant beneficiaries*) & ACCSDP; Based on the scale up of the project activities, the sample coverage of physical verification of assets with the community groups/ grant beneficiaries will be determined/reset by the project on an annual basis in second and third year.

The audit would cover all the activities of both the APART & ACCSDP projects including all sources and application of funds for the projects. The Auditor shall have to visit the various field offices/ sites/ locations as considered necessary for achieving the objective. **The period to be covered under this ToR would be initially for April-March 2021-22 with provision for extension for another two financial years (covering the audit for from April-March, beginning FY 2021-22 to 2023-24) subject to satisfactory performance of the consultancy.**

¹**APART:** Procurements are being carried out in accordance with the World Bank's Procurement Framework 2016 and "Procurement Regulations for Borrowers 2016" is applicable for all procurement under the project. **ACCSDP:** Procurements are being carried out in accordance with the World Bank's Guidelines: (a) "Guidelines: Procurement of Goods, Works and Non- Consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" updated in July 2014 (Procurement Guidelines); and (b) "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" updated in July 2014 (Consultant Guidelines) and the provisions stipulated in the Legal Agreement.

(C) Scope of Services:

9. The audit will be carried out in accordance with the general principles and standards of audit laid down by the Institute of Chartered Accountants of India (ICAI) and will include such tests and controls, as the auditor considers necessary under the circumstances. In conducting the audit, special attention should be given to the following:
- a) That, all the funds have been used in accordance with the relevant financing agreements, with due attention to transparency, economy and efficiency, and only for the purposes provided (both APART & ACCSDP) for which the financing were provided
 - b) That, all the goods, works & services financed have been procured (both for APART & ACCSDP) in accordance with the relevant financing agreements and as per the World Bank's regulations/guidelines for procurement of goods, works and non-Consulting/Consulting services. The detail ToR is annexed at **APPENDIX-1**.
 - c) That, all expenditure incurred by the implementing agencies associated with the projects (APART & ACCSDP) through the Drawing and Disbursing Offices (DDOs) & other agencies (under the respective projects) has been sanctioned by the Project Coordination Unit (PCU)/Project Management Unit of the ARIAS Society.
 - d) That, the monthly financial statements submitted to the PCU by the DDOs & other agencies (in respect of APART) reflect the actual, true & fair expenditures incurred by them.
 - e) That, all necessary supporting documents such as records, vouchers, bids, bidding documents, bid evaluation reports/comparative statements, invoices, asset registers, etc. and books of accounts have been kept in respect of all project procurements & expenditures including procurements with beneficiary/community contributions and expenditures covered by Interim Unaudited Financial Reports (IUFs).
 - f) Funds transferred to Project Implementing Units/District level Accounting Centers for incurring expenditure under the projects (APART & ACCSDP) are used for the purposes intended. To establish this, the auditor should visit PIUs and conduct such audit / tests as may be deemed appropriate and necessary for the purposes of the audit;
 - g) That, clear linkages exist between the books of accounts/ IUFs maintained by DDOs and the reports presented to the PCU/ World Bank (WB).
 - h) That, the projects accounts (APART & ACCSDP) have been prepared in accordance with consistently applied International Accounting Standards and gives a true and fair view of the financial situation of the project for the financial year under audit and of the resources and expenditures for that year.
 - i) That, the Community Groups have utilized the Project funds and their contributions, along-with bank loans, if any, for the purpose for which it was granted/ collected, have procured goods & assets in accordance with relevant financing agreements and that all necessary supporting documents, records and books/ statements of accounts have been maintained.
10. In addition to the audit of the PFS, the auditor is required to audit all (IUFs) used as a basis for the submission of withdrawal applications to the WB for reimbursement of project expenditures. The auditor should apply such tests and controls, as the auditor considers necessary under the circumstances. These expenditures should be carefully examined for project eligibility with the relevant financing agreements, and with reference to the Project Appraisal Document (PAD), Procurement Plan approved by the World Bank and also the Annual Work Plan approved by the Governing Body of the ARIAS Society.

Where ineligible expenditures are identified as having been included in withdrawal applications and reimbursed by the World Bank, these should be separately noted and listed by the auditor. The PFS should include an Annexure listing individual (IUFs) and withdrawal applications submitted to the WB during the financial year by specific reference number and amount.

(D) Schedule for Completion of Tasks:

11. **Duration of the contract:** The duration of contract shall be covering the audit for April-March 2021-22 with provision for extension for another two financial years (covering the audit for from April-March, beginning FY 2021-22 to 2023-24) subject to satisfactory performance of the consultancy. In case of extension in the second and third year, the contract prices shall be adjusted on mutual agreement and on the basis of CPI (Urban), India.

12. **Period of Audit:** The period to be covered under this ToR would be initially till 31st march 2023 covering the audit for April-March 2021-22 with provision for extension for another two financial years (covering the audit for from April-March, beginning FY 2021-22 to 2023-24) subject to satisfactory performance of the consultancy. The audit shall be taken up by the CA every year immediate after close of financial year and to be carried out in such a manner that it is completed well before **30th August** of that year so that the client is able to submit the audited financial statement to World Bank before **30th September** as required under World Bank Loan Agreements.
13. The audit for the **FY 2021-22** shall have to be carried out in the first week of **June 2022** and shall have to be completed before **last week of August 2022**. Report for Procurement Audit need to be submitted by end August 2022.
14. **Submission timeline for Reports:** The CA must submit the annual financial statements, including the annual audit reports and 'Procurement cum Physical Review' report (*separately for both APART & ACCSDP*) to the PCU/PMU within **the time line mentioned above** (*as the PCU/PMU is required to submit the same to the World Bank within 30th September every year*).

(E) Data, Services and Facilities to be provided by the Client:

15. The auditor will be given all the available reports, access to all the project legal documents, correspondence, monthly financial statements, Project Financial Statements, IUFRRs and any other information associated with the project and as deemed necessary by the auditor for the purpose of the assignment. Auditor should obtain confirmation of amounts disbursed and outstanding if any from GoI.
16. It is highly desirable that the auditor becomes familiar with World Bank's norms on Financial Management Practices and the World Bank financial reporting and auditing requirements. The auditor should also be familiar with the World Bank's Disbursement Manual. Both documents are available for free download in the World Bank's website and soft copy of the same can also be provided by the PCU/PMU to the auditor. The auditor will maintain working papers in a systematic manner and make them available to the Client and World Bank for perusal, if required.
17. The Auditors shall inform the client (*i.e. the State Project Director ARIAS Society, with special attention of the Accounts Branch of the ARIAS Society*) in writing about their visiting Plan of the offices/locations for the purpose of Audit/Physical Verification etc. at least 15 (fifteen) days ahead of the visit and accordingly the client shall intimate the concerned offices.
18. No services other than those specifically mentioned in this TOR shall be extended to the auditor. The auditor shall make their own conveyance arrangements. No expenditure on TA/DA will be borne by the ARIAS Society.

(F) Final outputs/ Reports:

19. The CA must submit the annual financial statements, including the annual audit reports and 'Procurement cum Physical Review' report (*separately for both APART & ACCSDP*) to the PCU/PMU within **the time line mentioned above** (*as the PCU/PMU is required to submit the same to the World Bank within 30th September every year*).
20. **Audit Opinion:** The CA shall have to submit separate Reports for both APART and ACCSDP. Besides a primary opinion on the PFS, the audit reports of the Project accounts (of both APART & ACCSDP) should include a separate paragraph commenting on the accuracy and propriety of expenditures withdrawn under (IUFRRs) procedures and the extent to which the World Bank can rely on (IUFRRs) as a basis for disbursement of the project credit amounts.
21. The Annual Reporting shall be in accordance with the ISA standards. The Reports, separately for both APART & ACCSDP (6 hard copies each), shall cover aspects mentioned in this ToR and should also include:
 - a) Audit Report along with Project Financial Statements and the Entity Financial Statements of ARIAS Society.
 - b) Expenditure by Project Components;
 - c) Expenditure by disbursement categories - eligible & reimbursable;
 - d) List of disbursement claims submitted during the financial year;

- e) Reconciliation of the claims with the reported and eligible expenditures;
 - f) Whether the IUFRRs submitted during the year for withdrawals from the IBRD Credit made on the basis of IUFRRs, together with the procedures and internal controls involved in their preparation, can be relied on to support the related withdrawals;
 - g) Findings of physical verification of Assets created under the project as cited in the scope of audit above, as per format at which will be shared by ARIAS Society. Chapter wise summary report is also required to be submitted by the Auditor.
 - h) 'Procurement cum Physical Review' report
22. **Management Letter with Executive Summary:** In addition to the audit report, the auditor shall submit an Executive Summary, which should *inter alia* should include:
- a) Comments & observations on the accounting records, systems and controls that were examined during the course of audit;
 - b) Identify specific deficiencies and areas of weakness in systems & controls and make recommendations for their improvement;
 - c) Report on the degree of compliance of each of the financial covenants on the financing agreements and give comments, if any, on internal and external matters affecting such compliance;
 - d) Communicate matters that have emerged during the audit which might have a significant impact on the implementation of the Project; and
 - e) Bring to the State Project Director (SPD) attention any other matter that the auditor considers pertinent, including review other project-related information as well as the internal control, oversight and reporting systems
23. The auditor should submit soft copies of the all the reports in CD/DVD in the pdf format to the PCU.
24. Observations made and irregularities noticed (if any) in course of the audit must be intimated to the implementing agency and the SPD in writing. The response of the implementing agency / SPD shall be considered by the auditor before finalization of the audit report.
25. The auditors should submit a draft copy of their report to the PCU before finalization. The PCU will submit its response, if any, within 7 days (1 week) of receipt of the draft report. If no response is received by the auditors within the said time, the auditors should finalize the related report and submit the same within a week thereafter to the PCU.
26. The auditor shall complete the assignment as per the time schedule to be mentioned in the agreement. A penalty clause will be included in the agreement to safeguard ARIAS Society's interest.

(G) Qualifications & Experience of Consultants for Internal Audit:

The consultancy firm needs to deploy the following key staff, whose CVs are to be evaluated during evaluation of the technical proposal. The details of the non-key experts and support staff, if required for the execution of this project is also to be mentioned:

Sl	Key Experts	Qualification required
1	Team Leader	Chartered Accountant with Minimum 10 years of experience in compliance audit in the World Bank Projects.
2	Audit Team Manager	Chartered Accountant with minimum of 5 years of experience in compliance audit in the World Bank Projects.
3	Procurement Specialist	University degree in Business Administration, Engineering, Accounting, Materials Management or related field. Minimum of 2 years of experience in public procurement or procurement in the World Bank Projects.

(H) Review of the Auditors performance/Reports:

27. The Auditor's performance would be reviewed periodically by a Committee to be constituted. The committee will also review the Reports of the Consultant. Submission of Reports in a timely manner shall be viewed as a major indicator of performance of the Auditors. Reporting activities should not be posed as an excuse for retarding the field activities by the Consultant or vice versa under any circumstances. Any correction/ modification/ alteration to the deliverables suggested by the Review Committee/Bank/ PMU/ SPD shall be done promptly by the Consultant and resubmitted in the same manner within 15days.

Annex-1

List of Accounting Centres for APART

a) Agriculture-

- 1) Director of Agriculture, Assam
- 2) Director of Horticulture & Food Processing, Assam
- 3) Project Director, ATMA, Kamrup
- 4) Project Director, ATMA, Sivasagar
- 5) Project Director, ATMA, Barpeta
- 6) Project Director, ATMA, Morigaon
- 7) Project Director, ATMA, Nagaon
- 8) Project Director, ATMA, Sonitpur
- 9) Project Director, ATMA, Golaghat
- 10) Project Director, ATMA, Jorhat
- 11) Project Director, ATMA, Cachar
- 12) Project Director, ATMA, Dhubri
- 13) Project Director, ATMA, Goalpara
- 14) Project Director, ATMA, Darrang
- 15) Project Director, ATMA, Karbi Anglong
- 16) Project Director ATMA, Lakhimpur
- 17) Project Director, ATMA, Kokrajhar
- 18) Project Director, ATMA, Nalbari
- 19) Project Director, ATMA, Dhemaji
- 20) Project Director, ATMA, Hailakandi
- 21) Project Director, ATMA, Bongaigaon
- 22) Assam Agriculture University
- 23) Project Coordination Unit

b) PWD:-

- 1) Chief Engineer, PWD

c) A.H. & Veterinary Department:-

Directorate A.H. & Vety, Assam

d) Fishery Department:-

Director of Fisheries, Assam

e) Industry Department:-

- 1) Commissioner of Industry & Commerce, Assam
- 2) District Industries & Commerce Centre, Barpeta
- 3) District Industries & Commerce Centre, Morigaon
- 4) District Industries & Commerce Centre, Nagaon
- 5) District Industries & Commerce Centre, Sonitpur
- 6) District Industries & Commerce Centre, Golaghat
- 7) District Industries & Commerce Centre, Jorhat
- 8) District Industries & Commerce Centre, Cachar
- 9) District Industries & Commerce Centre, Dhubri
- 10) District Industries & Commerce Centre, Goalpara
- 11) District Industries & Commerce Centre, Darrang
- 12) District Industries & Commerce Centre, Karbi Anglong
- 13) District Industries & Commerce Centre, Lakhimpur
- 14) District Industries & Commerce Centre, Kamrup
- 15) District Industries & Commerce Centre, Kokrajhar
- 16) District Industries & Commerce Centre, Nalbari
- 17) District Industries & Commerce Centre, Sivasagar

f) Sericulture:-

Director of Sericulture, Assam

g) Dairy:-

Director of Dairy Development, Assam
West Assam Milk Union Limited (WAMUL).

h) Handloom & Textiles :-

Director of Handloom & Textiles

Note: All payment (IOC, Work etc.) for work done by district office of Fishery, Handloom & Textile, Sericulture, Horticulture, A H & Vety & Dairy be made by respective ATMA district office on recommendations made by respective District Officers of the above departments. Thus at PD ATMA office there will be 8 numbers of Cash Books.

APPENDIX-1

Terms of Reference for Procurement Post Review

Scope

Procurement Post Review (PPR) is an ex-post assessment of the procurement processes for a sample of contracts that are not subject to Prior Review by the Bank. In case of Assam Agribusiness and Rural Transformation Project (APART), the third-party consultant shall carry out the procurement post review on sample basis for contracts of award value less than INR equivalent of USD 10K. The sample size shall be of 10%.

Objective:

The objectives of PPR is to:

- Verify that the procurement procedures followed for the project comply with the requirements of the legal agreement, and identify any noncompliance with the legal agreement and applicable procurement arrangements;
- Check that the procurement arrangements agreed with the Borrower are still in place;
- Identify and report any contract management issues;
- Check that the Borrower has carried out technical compliance reviews and physical completion reviews for implemented contracts;
- Identify and report any indications of possible Fraud and Corruption;
- Identify mitigating measures to correct procurement deficiencies or deter future deficiencies and recommend them to the Borrower;
- Identify good practices and lessons learned from implementing procurement;
- Rate the performance of sampled contracts (procurement process and contract implementation) on compliance with the legal agreement and agreed procedures and contribute to the overall procurement performance rating of the implementing agency based on the rating of the PPR; and
- Provide a basis for updating the project procurement risk and the risk mitigation plan.

Sampling of Contracts

Before sampling, the consultant checks the list of signed contracts received from the Borrower against the periodic procurement reports prepared by the Borrower.

The selection of contracts for review is critical for the success of the PPR, as post-reviewed contracts provide evidence of the Borrower's procurement performance. The sampling is risk-based and takes into consideration: (i) the project procurement risk rating, with the riskier projects having a larger sample, and (ii) the contract risk rating, to ensure that riskier contracts constitute a higher proportion of the sample.

Under purposive sampling, the reviewer prioritizes the following types of contracts

- a. contracts against which a complaint has been submitted;
- b. contracts for which rebidding/cancellation of the procurement took place;
- c. contracts with price modifications of 15% or more of the original contract price;
- d. contracts not listed in the Procurement Plan (except community-driven development, or other contracts that are demand-driven and cannot be identified up front);
- e. contracts awarded without competition (direct procurement);

The balance of contracts on the register is stratified by procurement method or approach to the market, and the sample is drawn from each method to the extent possible. Selection also takes into consideration the contract size, with the higher-value contracts targeted for review. However, risky smaller contracts may also be part of the sample.

Upon completion of the sample selection, the reviewer conducts the review.

Preparatory Activities

The consultant checks the list of contracts against the Bank's lists of suspended and debarred firms and individuals.

If contracts are with a firm on the Bank's list of ineligible firms, and were entered into after the date of the firm's debarment or suspension, they are identified as potentially ineligible pursuant to paragraph 3.2.3 (e) of Section III of the Procurement Regulations for Borrowers.

The reviewer checks the list of contracts to identify any patterns indicating risky activities—for example, splitting of contracts, repetitive contracts, orders of the same items from the same firms (except under framework agreements), or multiple contracts just below the Prior Review thresholds or other thresholds for competitive procurement. Contracts exhibiting such patterns may be added to the sample of contracts to be reviewed.

The consultant also reviews the previous PPR to assess the issues raised in the last review and how they have been addressed, as well as any outstanding mitigation actions and other issues from implementation support and monitoring. The progress with pending actions is discussed with the Borrower as part of the review.

Applying Professional Judgment

The reviewer conducts the PPR using the forms in Annex A. While these forms contain guiding questions, the reviewer is expected to exercise professional judgment in assessing the adequacy of the procurement and how it was conducted. Therefore, beyond reporting the findings of the review, the report should also contain the reviewer's judgment/analysis. For example, the reviewer should not simply report that bidders were given less time to prepare and submit bids but should additionally assess whether under the circumstances of the particular contract, the time was reasonable or adequate to enable bidders to prepare and submit responsive bids as well as the reasons for this.

Collecting Evidence

For contracts rated unsatisfactory or those in which the reviewer observes significant noncompliance that may require actions by the Bank pursuant to Section III of the Procurement Procedure, the reviewer may gather evidence of some of the records that reflect the noncompliance—for example, extracts of evaluation reports, solicitation documents, or payment records. This mitigates the risk of records tampering after the review. The reviewer collects copies of the records and the Borrower retains the original records.

Status of Mitigation Actions

The review includes an update on the progress of implementation of the risk mitigation and corrective actions from the previous review. When corrective actions remain unfinished beyond their due date, the reviewer discusses whether the actions are still relevant and records any reasons why the actions were not implemented. When the measures were implemented, the reviewer assesses whether they effectively mitigated the identified risks.

Review of Contract Implementation

In reviewing contract implementation, the reviewer checks whether the work was done according to the contract terms and specifications. The reviewer assesses whether the Borrower adequately checked the quality and quantity of work. The reviewer also checks the timeliness of contract performance and timeliness of payment. The objective of this assessment is to reach an opinion as to whether the services were rendered, goods supplied, and works completed according to the contract and that payments were completed in time and according to the contract.

Review of the Adequacy of Procurement Arrangements

In conducting the review, the reviewer assesses whether the borrower continues to comply with the agreed procurement arrangements and whether the arrangements are still adequate for timely and effective implementation of procurement. When the reviewer observes cases of potential noncompliance, he/she conducts further assessments, including discussions with project staff, to establish any underlying causes or system failures. This may require reviewing other reports, such as internal audit reports. For example, when several instances of noncompliance are observed, it could be as a result of bypassing a procurement approval committee in the Borrower's agency—a system failure. For system failures, the PPR recommends corrective actions to strengthen the system.

Rating Contracts on Performance

Each contract reviewed is rated on performance, combining: (i) management of the procurement process with regard to compliance with the applicable procedures, and (ii) implementation of the contract up to the date of the review with regard to adherence to the conditions of contract. The report includes the justification for each contract rating, especially those that are less than satisfactory. The rating is expressed in the following scale: U =Unsatisfactory; MU = Moderately Unsatisfactory; MS = Moderately Satisfactory and S =Satisfactory

PPR Risk Ratings

The reviewer assigns an overall risk rating for the PPR taking into consideration the findings from the review. The reviewer follows the risk rating guide in Annex A. The ratings assigned include: (i) an overall risk rating; (ii) a risk rating of the procurement system; (iii) a risk rating of the procurement process and (iv) risk rating of contract

administration. The risk rating assigned is determined based on the reviewer's professional judgement. The risk ratings are updated in the Post Review module of the project portal when the PPR is finalized.

Report finalization

Consultant shall finalize the report and submit it to borrower in no more than 07calendar days after completing the file review.
