



WILDLIFE CONSERVATION SOCIETY (WCS)  
REQUEST FOR PROPOSAL:  
To conduct financial reviews  
as per Agreed-UpOn Procedures (AuPs)



**1. Invitation**

Wildlife Conservation Society (WCS) is a not-for-profit organization committed to saving wildlife and wild places worldwide through science, conservation action, education, and inspiring people to value nature. WCS invites proposals from audit firm to perform the Agreed-upon Procedures (AuPs) of Blue Action grants in accordance with the Terms of Reference for Auditor's Reports for Blue Action Fund grants attached.

**2. Background and purpose of the assignment**

WCS, a charitable organization established under the laws of United States of America/New York and established at 2300 Southern Boulevard, Bronx, New York 10460, USA ("Grantee"), signed a grant agreement with Blue Action Fund, a foundation established and existing under the laws of Germany, with a principal place of business at Friedrich-Ebert-Anlage. 36 in 60325 Frankfurt am Main, Germany ("Blue Action") for the project "*Strengthening the network of climate resilient ecosystems across the Pemba Channel coral reef climate refuge*". The total grant / awarded amount is Euro 5,000,000 to be executed from September 1, 2023, to August 31, 2027. The project is implemented in Tanzania with field offices in Zanzibar, Pemba & Tanga. Most of the project expense documents are located at Zanzibar office.

This engagement will cover the agreed-upon procedures regarding the expenditure and income reported in the mid-term project financial statement of the grantee:

- Mid-term financial statement covers the period of *01 September 2023 to 30 June 2025*

**3. Qualification requirements of an auditor for Blue Action Fund grant**

- The Audit Company must be Independent: (This means that the Auditor cannot be involved in the preparation of the financial statement for the Blue Action projects, however it would not be an independence issue if the Auditor audits the financial statement of the Grantee in general)
- Experience in auditing grants and or international Non-Profit Organizations (NGOs)
- The auditor meets at least one of the conditions in ToR under: 1.2.1 to 1.2.4
- Blue Action typically requires liability exposure of the Auditor of at least Euro 500,000
- Be registered and licensed by the National Board of Accountants and Auditors (NBAA)
- Provide copies of Business permit, TIN and VAT

The following "Terms of Reference - Auditor's Reports for Blue Action Fund Grants" (the "ToR") are mandatory for performing the Agreed-upon Procedures (AuPs) of Blue Action grants. They consist of a contract template (**Form of Engagement Letter**) for the grantee to engage the audit firm to provide an independent report of factual findings on the financial statement prepared by the grantee and two annexes that provide the terms and conditions of this engagement (**Annex I: Base Terms**) as well as a template for the Auditor's Report (**Annex II: Compulsory Report Format, Scope of Work And Procedures to be Performed**).

# TERMS OF REFERENCE FOR AUDITOR'S REPORTS FOR BLUE ACTION FUND GRANTS ("ToR")

## FORM OF ENGAGEMENT LETTER

*Letterhead of Auditor appointed by Grantee*

*dd Month yyyy*

Dear *[name of Grantee]*,

This letter together with its attachments form the terms of reference (ToR) on which *<name of the grantee>* ("Grantee") agrees to engage *< name of the audit firm>* ("Auditor") to provide an independent report of factual findings on the Financial Statement prepared by the Grantee (the "Auditor's Report") and to report in connection with a grant agreement *< title and number of the grant agreement>* (the "Grant Agreement") between the Grantee and Blue Action Fund ("Blue Action"). Where in the ToR Blue Action is mentioned, this refers to its quality as a party to the Grant Agreement with the Grantee. Blue Action is not a party to this engagement but shall be provided a copy of and be entitled to rely on the Auditor's Report issued hereunder.

This engagement letter attaches two documents:

- The Base Terms for the engagement that have been agreed between the Grantee and the Auditor (Annex I to this letter - the "Base Terms"). Note that the provisions of paragraphs [1-7] of the Base Terms are imposed by Blue Action and may not be varied from the form specified by Blue Action.
- A form of Auditor's Report (Annex II). The form of Auditor's Report contains a detailed description (Appendix 3 to Annex II) including the procedures to be performed by the auditor and the findings expected to result therefrom. The Auditor's Report is to be dated and signed by the Auditor on completion of its work and submitted to the Grantee.

Please note that this Engagement Letter signed by both parties is to be attached to the Auditor's Report as Appendix 1, (i) the Grantee's Financial Statement, (ii) the Auditor's reconciliation of Financial Statement, (iii) the list of all procurements above EUR 5,000, and (iv) the representation letter signed by the Grantee (as per Base Terms, Section 1.1) is to be attached to the Auditor's Report as Appendix 2 as well as the above mentioned Agreed-upon Procedures (AuPs) to be performed and standard factual findings to be confirmed by the Auditor as Appendix 3.

Your contact person and the Auditor responsible for carrying out this engagement will be [Mr .../Mrs ...].

Very truly yours,

*[legal name of the Auditor]*

***Signature[s] of Auditor***

*[name and function of an authorised representative or representatives]*

Accepted and Agreed as of the date first above written:

*[legal name of the Grantee]*

***Signature[s] of Grantee***

*[name and function of an authorised representative or representatives]*

# TERMS OF REFERENCE FOR AUDITOR'S REPORTS FOR BLUE ACTION FUND GRANTS ("ToR")

## Annex I to Engagement Letter

### Base Terms for Grantee/Auditor Engagement Letters

#### 1. Responsibilities of the Parties to the Engagement

**1.1 'The Grantee'** refers to the legal entity that is receiving the grant and that has signed the Grant Agreement with Blue Action.

- The Grantee is responsible for preparing a Financial Statement for the project financed by the Grant Agreement in compliance with such agreement and providing it to the Auditor, and for ensuring that this Financial Statement can be properly reconciled to the Grantee's accounting and bookkeeping system and to the underlying accounts and records. Notwithstanding the procedures to be carried out, the Grantee remains at all times responsible and reliable for the accuracy of the Financial Statement. The Financial Statement in this context refers solely to the Appendix to the Auditor's Report by which the Grantee reports expenditures and income incurred under the Grant Agreement.
- The Grantee is responsible for the Financial Statement which will enable the Auditor to carry out the procedures specified and will provide the Auditor with a written representation letter supporting these statements, clearly dated and stating the period covered by the statement and attached to the Auditor's Report as Appendix 2 (iv).
- The Grantee accepts that the ability of the Auditor to perform the procedures required by this engagement effectively depends upon the Grantee providing full and free access to the Grantee's staff and its accounting and other relevant records.

**1.2 'The Auditor'** refers to the Auditor who is responsible for performing the Agreed-upon Procedures as specified in these ToR, and for submitting an independent report of factual findings to the Grantee.

The Auditor must be independent from the Grantee.

- 'Auditor' refers to the audit firm contracted for this engagement and in particular to the partner or other person in the audit firm who is responsible for the engagement and for the report that is issued on behalf of the firm, and who has the appropriate authority from a professional, legal or regulatory body.
- The procedures to be performed are specified by Blue Action and the Auditor is not responsible for the suitability and appropriateness of these procedures.

By agreeing these ToR the Auditor confirms that he/she meets at least one of the following conditions:

1.2.1. The Auditor and/or the firm is a member of a national accounting or auditing body or institution which in turn is member of the International Federation of Accountants (IFAC).

1.2.2. The Auditor and/or the firm is a member of a national accounting or auditing body or institution. Although this organisation is not member of the IFAC, the Auditor commits him/herself to undertake this engagement in accordance with the IFAC standards and ethics set out in these ToR.

1.2.3. The Auditor and/or the firm is registered as a statutory auditor in the public register of a public oversight body in an EU member state in accordance with the principles of public oversight set out in Directive 2006/43/EC of the European Parliament and of the Council (this applies to auditors and audit firms based in an EU member state).

## **TERMS OF REFERENCE FOR AUDITOR'S REPORTS FOR BLUE ACTION FUND GRANTS ("ToR")**

1.2.4. The Auditor and/or the firm is registered as a statutory auditor in the public register of a public oversight body in a third country and this register is subject to principles of public oversight as set out in the legislation of the country concerned (this applies to auditors and audit firms based in a non-EU member state).

### **2. Subject of the Engagement**

The subject of this engagement is the *interim* Financial Statement in connection with the Grant Agreement for the period covering *01 September 2023 to 30 June 2025 (first half of the Project)*.

### **3. Reason for the Engagement**

The Grantee is required to submit to Blue Action an Auditor's Report in the form of an independent report of factual findings produced by an external Auditor in support of the expenditures and income reported by the Grantee under the Grant Agreement. Blue Action requires this Report as the acceptance by it of expenditures and income incurred by the Grantee under the Grant Agreement. It is conditional on the factual findings of this Report.

### **4. Engagement Type and Objective**

This constitutes an engagement to perform specific Agreed-upon Procedures regarding an independent report of factual findings on expenditures and income incurred under the Grant Agreement.

As this engagement is not an assurance engagement the Auditor does not provide an audit opinion and expresses no assurance. Blue Action derives its assurance by drawing its own conclusions from the factual findings reported by the Auditor on the Financial Statement and the payment request of the Grantee relating thereto.

The Auditor shall include in its Report that no conflict of interest exists between it and the Grantee in establishing this Report, as well as the fee paid to the Auditor for providing the Report.

### **5. Scope of Work**

5.1 The Auditor shall undertake this engagement in accordance with these ToR and:

- in accordance with the International Standard on Related Services ('ISRS') 4400 (Revised) Agreed-upon Procedures Engagements as promulgated by the IFAC;
- in compliance with the Code of Ethics for Professional Accountants issued by the IFAC. Although ISRS 4400 (Revised) provides that independence is not a requirement for agreed-upon procedures engagements, the Blue Action Fund requires that the Auditor also complies with the independence requirements of the Code of Ethics for Professional Accountants.

5.2 Planning, procedures, documentation and evidence:

The Auditor should plan the work so that the procedures can be effectively performed. For this purpose, he performs the procedures specified in Annex II of these ToR ('Compulsory Report Format; Scope of Work and Procedures to be Performed') and uses the evidence obtained from these procedures as the basis for the Report of factual findings.

### **6. Reporting**

The Report of factual findings, the format for which is attached as Appendix 3 to Annex II to these ToR, is designed to describe the purpose and the Agreed-upon Procedures of the engagement in sufficient detail in order to enable the Grantee and Blue Action to understand the nature and extent of the procedures performed by the Auditor. The Auditor will report on

# **TERMS OF REFERENCE FOR AUDITOR'S REPORTS FOR BLUE ACTION FUND GRANTS ("ToR")**

his/her factual findings in accordance with ISRS 4400 (Revised). The Report shall be written in English.

The Auditor agrees to a disclosure of his/her Report to Blue Action in connection with the requirements as set out in the Grant Agreement with the proviso that the Report will be disclosed in complete, unabridged form including all its attachments.

## **7. Timing**

The Report shall be provided to Grantee not later than 50 days after the date of the Engagement Letter.

## **8. Other Terms**

### **Liability**

Blue Action typically requires liability exposure of the Auditor of at least Euro 500,000. These can look like the following:

The contractual basis for this engagement are the national General Engagement Terms for Auditors and Audit Companies with the proviso that the Auditor's aggregate liability towards the Grantee and any other person who may at the Grantee's request and with the Auditor's consent be granted access to the Auditor's deliverables is strictly limited to the maximum amount set out in [Article, No. etc] of the attached General Engagement Terms for Auditors and Audit Companies. Please note for these purposes that the Grantee has specifically requested, and the Auditor's has consented to Blue Action being granted access to the Auditor's deliverables. These terms are appended hereto and are also binding upon third parties.

### **Implementation arrangement**

WCS will ensure the auditor has access to all required information and documents, mostly are maintained at the Zanzibar office. The auditor shall supply the staff(s) necessary for execution of the assignment. All costs associated with the assignment are considered included in the agreed audit fee

WCS is obliged by the Tanzania Revenue Authority to withhold taxes on service fees and contract payments. Applicants should understand their tax obligations under Tanzanian tax legislation when preparing their proposal.

### **Proposal administration**

All requests for clarification and questions concerning this RFP must be submitted in writing no later than 27<sup>th</sup> April 2025 via email [procurementtz@wcs.org](mailto:procurementtz@wcs.org). Responses, if determined appropriate by WCS, will be issued in writing to all known proposers.

### **Submission Procedure**

Interested firms are invited to submit an electronic Expression of Interest (EOI) through email [procurementtz@wcs.org](mailto:procurementtz@wcs.org), addressed to WCS Country Director P.O. Box 5196 Dar es Salaam with a subject line "BAF PROJECT REVIEW" by **11<sup>th</sup> May 2025**.

WCS will review and evaluate all submissions, firm / auditor with best combination of technical requirements and Fee Proposal shall be considered for the award. WCS reserves the right to reject any or all proposals if, in its sole discretion, none satisfies its criteria.

The evaluation may involve WCS requesting interviews with proposers and potentially visiting their offices

## Annex II to Engagement Letter-

### Compulsory Report Format, Scope of Work and Procedures to be Performed

The Auditor's Report has the following structure:

#### "Independent Report of Factual Findings"

- |            |  |
|------------|--|
| Appendix 1 | Copy of signed Engagement Letter   |
| Appendix 2 | (i) Grantee's Financial Statement<br>(ii) Auditor's reconciliation of Financial Statement<br>(iii) List of all procurements above EUR 5,000,<br>(iv) Representation letter signed by the Grantee |
| Appendix 3 | Agreed-upon Procedures (AuPs) to be performed and standard factual findings to be confirmed by the Auditor   |

*[To be printed on letterhead paper of the Auditor]*

#### **Independent Report of Factual Findings on expenditures and income claimed under a Grant Agreement financed by the Blue Action Fund (Blue Action)**

*<Name of contact person(s)>, < Position>*

*< Grantee's name>*

*<Address>*

*<dd Month yyyy>*

In accordance with our contract (the "Engagement Letter") dated *<dd Month yyyy>* with *<name of the Grantee>* "the Grantee", we *[legal name of the audit firm]*, established in *[full address/city/state/province/country]* represented for signature of this Report by *[[name and function of an authorised representative]* provide our Independent Report of Factual Findings ("the Report"), as specified below.

The Engagement Letter was prepared in compliance with the requirements of the Blue Action Fund ("Blue Action") as set forth in a document entitled "Terms of Reference for Auditor's Reports for Blue Action Fund Grants" (the "ToR"). Blue Action *[is financing/has financed]* a project of the Grantee under a grant agreement *[Blue Action grant agreement reference: title, acronym, number]* (the "Grant Agreement"). The Engagement Letter is attached to this Report as Appendix 1.

We confirm that we meet the condition specified in *[insert applicable section 1.2.1-1.2.4]* of the Base Terms included in the ToR.

#### **Objective**

We have performed Agreed-upon Procedures regarding the expenditures and income reported in the Financial Statement<sup>2</sup> of the Grantee as of *<dd Month yyyy>* which is attached to this Report as Appendix 2, and which *[is to be][were]* presented to Blue Action under the Grant Agreement for the following period *[insert period covered by the Financial Statement]*. This engagement involved

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<sup>2</sup> Financial Statement in this context refers solely to Appendix 2 by which the Grantee claims expenditures and income under the Grant Agreement.

performing certain specified procedures, the results of which Blue Action uses to draw conclusions as to the eligibility of the expenditures and income claimed.

### **Scope of Work**

Our engagement was carried out in accordance with:

- the ToR, and in particular the Base Terms attached as Annex I to the Engagement Letter including the mandatory Base Terms paragraphs [1-7];
- International Standard on Related Services ('ISRS') 4400 (Revised) Agreed-upon Procedures Engagements as promulgated by the International Federation of Accountants ('IFAC');
- the Code of Ethics for Professional Accountants issued by the IFAC. Although ISRS 4400 (Revised) provides that independence is not a requirement for agreed-upon procedures engagements, Blue Action requires that the Auditor also complies with the independence requirements of the Code of Ethics for Professional Accountants;

As requested, we have only performed the procedures set out in the Engagement Letter and the ToR and we have reported our factual findings on those procedures in the table included as Appendix 3 to this Report.

The scope of these Agreed-upon Procedures has been determined solely by Blue Action and the procedures were performed solely to assist Blue Action in evaluating whether the expenditures and income incurred by the Grantee in the accompanying Financial Statement have been claimed in accordance with the Grant Agreement. The Auditor is not responsible for the suitability and appropriateness of these procedures.

Because the procedures performed by us did not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the Financial Statement.

Had we performed additional procedures, or had we performed an audit or review of the Financial Statement of the Grantee in accordance with International Standards on Auditing, other matters might have come to our attention that would have been reported to you.

### **Sources of Information**

The Report sets out information provided to us by the management of the Grantee in response to specific questions or as obtained and extracted from the Grantee's information and accounting systems.

### **Not applicable Findings**

We examined the Financial Statement stated above and considered the following findings not applicable:

Explanation (to be removed from the Report):
<p>If a finding was not applicable, it must be marked as 'N.A.' ('Not applicable') in the corresponding row on the right-hand column of the table in Appendix 3, which means that the finding did not have to be affirmed by the Auditor and the related procedure(s) did not have to be carried out.</p> <p>The reasons of the non-application of a certain finding must be obvious, e.g. if the condition set to apply certain procedure(s) is not met, the related finding(s) and those procedure(s) are not applicable. For instance, if no procurement above the thresholds has been taken place, then the related finding(s) and procedure(s) are not applicable.</p>

**List here all findings considered not applicable for the present engagement and explain the reasons of the non-applicability.**

...

## Exceptions

Apart from the exceptions listed below, the Grantee provided the Auditor all the documentation and accounting information needed by the Auditor to carry out the requested procedures and evaluate the findings.

**Explanation (to be removed from the Report):**

- If the Auditor was not able to successfully complete a procedure requested, it must be marked as 'E' ('Exception') in the corresponding row on the right-hand column of the table in Appendix 3. The reason such as the inability to reconcile key information or the unavailability of data that prevents the Auditor from carrying out the Procedure must be indicated below.
- If the Auditor cannot corroborate a standard finding after having carried out the corresponding procedure, it must also be marked as 'E' ('Exception') and, where possible, the reasons why the finding was not fulfilled, and its possible impact must be explained here below.

**List here any exceptions and add any information on the cause and possible consequences of each exception, if known. If the exception is quantifiable, include the corresponding amount. Please explain the exceptions, specifying the cost category and the specific selected sample if possible.**

....

**Explanation (to be removed from the Report):**

1. The Grantee was unable to substantiate the finding number 1 on ... because ....
2. Finding number 18 was not fulfilled because the procurement rules used by the Grantee were different from the one approved by Blue Action. The differences were as follows: ...
3. After carrying out the Agreed-upon Procedures to confirm the finding number 14, the Auditor found a difference of EUR \_\_\_\_\_ The difference can be explained by ...

## Further Remarks

In addition to reporting on the results of the specific procedures carried out, the Auditor would like to make the following general remarks:

**Explanation (to be removed from the Report):**

1. Regarding finding number 18 the conditions for procurement were considered as fulfilled because ...
2. In order to be able to confirm the finding number 15 we carried out the following additional procedures: ....



## Use of this Report

This Report is solely for the purpose set forth in the above objective.

This Report is prepared solely for the confidential use of the Grantee and Blue Action and solely for the purpose of submission to Blue Action in connection with the requirements of the Grant Agreement. This Report may not be relied upon by the Grantee or by Blue Action for any other purpose, nor may it be distributed to any other parties except (i) as required by any law or regulatory requirement applicable to Blue Action or any of its donors, (ii) as required by any contractual requirement applicable to Blue Action under any agreement with its donors, and (iii) consultants performing the technical review contemplated under the Grant Agreement.

This Report relates only to the Financial Statement specified above and does not extend to any other financial statements of the Grantee.

No conflict of interest<sup>3</sup> exists between the Auditor and the Grantee in establishing this Report. The fee paid to the Auditor for providing the Report was Euro \_\_\_\_.

We look forward to discussing our Report with you and would be pleased to provide any further information or assistance which may be required.

*[legal name of the audit firm]*

*[name and function of an authorised representative]*

**<dd Month yyyy>, <Signature of the Auditor>**

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<sup>3</sup> A conflict of interest arises when the Auditor's objectivity to establish the certificate is compromised in fact or in appearance when the Auditor for instance:

- was involved in the preparation of the Financial Statement;
- stands to benefit directly should the certificate be accepted;
- has a close relationship with any person representing the Grantee;
- is a director, trustee or partner of the Grantee;
- is in any other situation that compromises his or her independence or ability to establish the certificate impartially.

***Appendix 1 to Auditor's Report***

***Copy of signed Engagement Letter***

## ***Appendix 2 to Auditor's Report***

- (i) Grantee's Financial Statement
- (ii) Auditor's reconciliation of Financial Statement
- (iii) List of all procurements above EUR 5,000
- (iv) Representation letter signed by the Grantee (as per Base Terms, Section 1.1)

## **Appendix 3 to Form of Auditor's Report**

### **Agreed-upon Procedures (AuPs) to be performed and standard factual findings to be confirmed by the Auditor**

The Auditor designs and carries out his work in accordance with the objective and scope of this engagement and the procedures to be performed as specified below. Among the key documents to be examined in carrying out the work are the Grantee's Financial Statement and Transaction List as defined in the Grant Agreement (GA):

GA, Section 6.3 "Financial Statement" means: The Grantee's budgeted and actual spending and income structured according to Blue Action's cost categories.

GA, Section 6.2.3 "Transaction List" means: An itemized list showing all project expenditures and income in Euro (on a cash basis) allocated according to Blue Action's cost categories.

GA, Section 2.3 "Budget" means: The budget included in the Project Proposal attached as Schedule A to the GA.

When performing these procedures, the Auditor may apply techniques such as inquiry and analysis, (re)computation, comparison, other clerical accuracy checks, observation, inspection of records and documents, inspection of assets, obtaining confirmations or any others deemed necessary in carrying out these procedures.

Blue Action reserves the right to issue guidance together with example definitions and findings to guide the Auditor in the nature and presentation of the facts to be ascertained. Blue Action reserves the right to vary the procedures by written notification to the Grantee.

The 'result' column has three different options: 'C', 'E' and 'N.A.':

- 'C' stands for 'confirmed' and means that the Auditor can confirm the 'standard factual finding' and there is therefore no exception to be reported.
- 'E' stands for 'exception' and means that the Auditor carried out the procedures but cannot confirm the 'standard factual finding', or that the Auditor was not able to carry out a specific procedure (e.g. because it was impossible to reconcile key information or data was unavailable).
- 'N.A.' stands for 'not applicable' and means that the finding did not have to be examined by the Auditor and the related procedure(s) did not have to be carried out. The reasons of the non-application of a certain finding must be obvious, e.g. if the condition set to apply certain procedure(s) is not met, the related finding(s) and those procedure(s) are not applicable. For instance, if no procurement above the thresholds has been taken place, then the related finding(s) and procedure(s) are not applicable.

### **Sampling Requirements and Reporting of Sampled Transactions**

In order for Blue Action to assess the adequacy of the Grantee's financial reporting and verify the overall coverage target, where sampling is required (as indicated by an asterisk\*) under the list of procedures below, the Auditor must indicate the number of expenditure items/transactions he/she has sampled and shall determine that number as follows:

- If there are 10 or fewer relevant expenditure items/transactions that fall into the category for review, all shall be examined.
- If there are between 11 and 100 expenditure items/transactions that fall into the category for review, the Auditor shall implement the sampling by reviewing the five largest expenditure items/transactions and five expenditure items/transactions selected randomly.
- If there are more than 100 expenditure items/transactions that fall into the category for review, the Auditor shall implement the sampling by reviewing the five largest expenditure items/transactions, five expenditure items/transactions selected randomly and an additional number of items such that the sample at a minimum includes 10% of the total number of items/transactions. The method used to select the additional transactions is at the discretion of the Auditor.

The sampled transactions overall must cover at least 10% of the total declared expenditures on the Financial Statement. If, following the sampling instructions above, an overall financial coverage of 10% of declared expenditures is not obtained, additional expenditure items/transactions should be tested to achieve this minimum financial coverage.

The procedures to be performed are listed as follows:

Ref	Procedures	Standard factual finding	Result (C / E / N.A.)
<b>A</b>	<b>Overall Financial Management &amp; Controls</b>		
<b>A.1</b>	<p><i>Internal Controls</i></p> <p>As set forth in Section 2.1 of Blue Action's Grant Procedures Manual, Grantees are required to have a strong financial management and internal control system. This includes adequate provisions for planning and budgeting, internal control and accounting, as well as funds, cash flow and assets management all in line with the applicable legislation.</p> <p>The Grantee prepares a process description of the financial management and internal control system. In relation to the use of Blue Action funds, the process description should at a minimum describe the relevant internal controls, the internal bookkeeping entry system used to track and keep separate Blue Action funds from other Grantee funds and the controls in relation to the procurement procedures (Section 5.5 of the Grant Agreement).</p> <ul style="list-style-type: none"> <li>The Auditor examined said process description and traced the internal controls on the use of funds.</li> </ul>	1. The required information on internal controls relevant to the use of funds was provided by the Grantee.	
		2. The application by the Grantee of its internal control system to the Grant was confirmed and traced with documents and records.	
		3. Grantees internal bookkeeping system is adequate to trace Blue Action funds separately from other Grantee funds.	
<b>A.2</b>	<p><i>Currency conversion</i></p> <p>As stated in Section 8.3 of the Grant Agreement, Blue Action and the Grantee acknowledge that there is a currency depreciation risk associated with the transfer of funds into the local currency or currencies of the Project.</p> <p>Accordingly, in order to reduce such risk and to allow retransfer at all times, (i) pending transfer into the local currency or currencies all Blue Action Contribution provided under this Agreement is to be kept in the country of Grantee in Euro, and (ii) transfers of Euro to local currency accounts are permitted only on a requirements basis for maximum of three (3) months.</p>	4. The exchange rates used to convert Euros [US dollars] into other currencies were in accordance with the rules established of the Grant Agreement and there was no difference in the figures inspected.	

Ref	Procedures	Standard factual finding	Result (C / E / N.A.)
	<p>All Grant funds provided in Euros that are converted into another currency must be so converted at the best available rate through the channels authorized by applicable laws and regulations. All such transactions must be verifiable through bank receipts or other documents or publications sufficient to demonstrate the legality of such transactions.</p> <ul style="list-style-type: none"> <li>• The Auditor obtained a process description for handling funds in Euros [<i>include as appropriate:</i> and US dollars] and for currency conversion including disbursements to project partners and other third parties.</li> <li>• The Auditor sampled* _____ currency transfers to sub-grantees, _____ currency transfers by the Grantee or project partners to other third parties, inspected the underlying evidence and examined in each case that the exchange rates used for converting other currencies into Euros were in accordance with the rules established in the Agreement.</li> <li>• In addition to that, the Auditor inspected relevant documents such as budgets and payment requests and examined that the three (3) month requirement for the sampled currency transfers to local currency accounts were met.</li> </ul> <p><i>* Please refer to the introduction of these AuPs for instructions on the number of transactions to be sampled.</i></p>	<p>5. Transfers of Euro/US dollar to local currency accounts were within the requirement to consume the amount within three (3) months at the latest.</p>	
<b>B</b>	<b>Spending in line with Budget and Compliance with Spending Rules</b>		

Ref	Procedures	Standard factual finding	Result (C / E / N.A.)
B.1	<p><i>Budget</i></p> <p><i>The Grant Agreement contains a Budget and makes provisions for reporting against the Budget through the preparation of a Financial Statement and Transaction List. (for definitions please refer to the introduction to these AuPs).</i></p> <ul style="list-style-type: none"> <li>The Auditor carries out a reconciliation of the Financial Statement and the Budget. The Auditor (i) verifies that the cost categories reported in the Financial Statement are presented in the same manner as contemplated in the Budget, and (ii) reconciles any differences between the Financial Statement and the Budget.</li> </ul>	6. The cost categories reported in the Financial Statement are presented in the same manner as contemplated in the Budget. The reported expenditures were within the Budget with the differences noted in Appendix 2 (ii).	
	<ul style="list-style-type: none"> <li>The Auditor carries out a reconciliation of the Financial Statement and the Transaction List. The Auditor verifies that (i) the expenditures and income reported in the Transaction List are appropriately allocated to the relevant cost category and income item in the Financial Statement and (ii) when summed, the items listed in the Transaction List as falling under a cost category/income item equal the amounts shown in the Financial Statement.</li> <li>As stated in Section 8.7 of the Grant Agreement, the Grantee may shift up to a maximum of fifteen percent (15%) of Blue Action contribution budgeted to an individual cost category to another cost category within the same cost category group, provided that the funds shifted to the new cost category may not increase the budget allocated to such cost category by more than 50%. Grantee must receive written approval from Blue Action prior to shift funding between cost category groups, or other changes to the budget other than as permitted by the first sentence of the Section 8.7 or Section 3.2. The Auditor checks, on the basis of his/her reconciliations, whether shifts in excess of the above 15%/50% rules have been made and if so whether appropriate approval was obtained.</li> </ul>	7. The expenditures and income reported in the Transaction List are appropriately allocated to the relevant cost category/income item in the Financial Statement and when summed, the items listed in the Transaction List as falling under a cost category/ income item equal the amounts shown in the Financial Statement.	



Ref	Procedures	Standard factual finding	Result (C / E / N.A.)																																
	<ul style="list-style-type: none"><li>The Auditor's reconciliation is attached as Appendix 2 (ii) to these AuPs and standard factual findings to be confirmed by the Auditor.</li></ul> <p><i>Further guidance:</i></p> <p><i>Obtain the Budget, Grantee's Financial Statement and the Transaction List and perform the following procedures:</i></p> <p>a. <i>Recalculate the % of expenditures spent to budget. For variances above 15% or shifts between cost category groups obtain the written approval from Blue Action. This approval should be given before the management shifted the use of funds.</i></p> <p>b. <i>Make inquiries of management as to the basis for allocating entries on the Transaction List to the different cost categories in the Financial Statement. Review the Transaction List entries to assess whether its allocation to the relevant cost category is reasonable. Make further inquiries of management if that is not the case.</i></p> <p>c. <i>Check the mathematical accuracy of the financial statement amount per cost category/income item against the total per cost category/income item within the transaction list.</i></p>	8. Budget shifts within category groups are within the 15% and 50% limits or were made with prior approval in writing by Blue Action. No funding was shifted between category groups without prior approval of Blue Action.																																	
B.2	<b>Spending</b>	9. Expenditures were adequately supported and reconciled with the accounts.																																	
	The Auditor sampled the following number of expenditure items, per cost category as per the guidance in the introduction to these AuPs, items must be sampled from all cost categories reported in the Financial Statement. If applicable, expenditure items of any sub-grantees should be included in the sampling. Please fill in the table below:	10. The expenditure items sampled were assigned to the appropriate Blue Action cost category.																																	
	<table><tr><th>Cost Category</th><th>Total amount in EUR reported</th><th>Total amount in EUR of selected samples</th><th># of sampled expenditure items</th></tr><tr><td>Group 1 (Field Implementation)</td><td></td><td></td><td></td></tr><tr><td>Capital Expenditures</td><td></td><td></td><td></td></tr><tr><td>Operational and Maintenance Costs</td><td></td><td></td><td></td></tr><tr><td>Capacity Development</td><td></td><td></td><td></td></tr><tr><td>Consulting services</td><td></td><td></td><td></td></tr><tr><td>Other Marine Conservation Activities</td><td></td><td></td><td></td></tr><tr><td>Communications and Awareness</td><td></td><td></td><td></td></tr></table>	Cost Category	Total amount in EUR reported	Total amount in EUR of selected samples	# of sampled expenditure items	Group 1 (Field Implementation)				Capital Expenditures				Operational and Maintenance Costs				Capacity Development				Consulting services				Other Marine Conservation Activities				Communications and Awareness				11. The expenditure items sampled did not represent ineligible expenditures.	
	Cost Category	Total amount in EUR reported	Total amount in EUR of selected samples	# of sampled expenditure items																															
	Group 1 (Field Implementation)																																		
	Capital Expenditures																																		
	Operational and Maintenance Costs																																		
	Capacity Development																																		
	Consulting services																																		
	Other Marine Conservation Activities																																		
Communications and Awareness																																			

Ref	Procedures				Standard factual finding	Result (C / E / N.A.)
	Group 2 (Project Management)				12. The expenditure items sampled were incurred within the reporting period.	
	Staff (field)					
	Staff (admin)					
	Travel staff					
	Other operating costs					
	Contingency				13. Any sub-grantees receiving disbursements of funds were identified in the Grant Agreement and such sub-grantees received the disbursements.	
	Group 3 (outside target region)					
	Staff (International)					
	Travel international staff					
	Other indirect costs					
	For each cost category, the Auditor performs the following procedures:					
<ul style="list-style-type: none"><li>The Auditor examined that sampled items were accounted for in line with the Grantee’s usual accounting policy, and that the expenditures were supported by appropriate evidence in line with rules of the relevant jurisdiction and were incurred within the reporting period.</li><li>The Auditor examined that none of such items reflected ineligible expenditures as defined in Section 8.1 of the Grant Agreement.</li></ul>						
Further guidance:						
For the transactions selected, the Auditor will perform the following procedures:						
<ul style="list-style-type: none"><li>(i) Obtain and inspect underlying invoices and vouchers to determine that expenditures were approved and paid in line with Grantee’s controls and accounting practice, as documented.</li><li>(ii) Compare the expenditures by invoices to the purchase order requests and that the expenditures were recorded in the proper general ledger account.</li><li>(iii) Verify that the basis on which the expenditure items were charged to the Blue Action cost category appeared to be reasonable.</li><li>(iv) Verify that the expenditures were incurred within the reporting period.</li></ul>						
<ul style="list-style-type: none"><li>The Auditor also examined that any sub-grantees receiving disbursements of funds were identified in the Grant Agreement and disbursements to sub-grantees were received.</li></ul>						

Ref	Procedures	Standard factual finding	Result (C / E / N.A.)
<b>B.3</b>	<p><i>Income</i></p> <p>As stated in Section 8.11 of the Grant Agreement, any income generated from the Blue Action Contribution, such as interest earnings, shall be used for the purpose of the Project. Grantee must inform Blue Action within the Progress Report about any income generated and receive written approval from Blue Action prior to using such income.</p> <ul style="list-style-type: none"> <li>The Auditor examined that the Grantee included any income generated from Blue Action Contribution in the Financial Statement and that the income is supported by appropriate evidence.</li> <li>The Auditor examined Blue Action's written approval for using the income exists.</li> </ul>	14. Income from the grant is correctly displayed and the use has been approved by Blue Action.	
<b>B.4</b>	<p><i>Match funding</i></p> <p>As stated in Section 2.3 of the Grant Agreement, the Grantee must ensure that at least 25% of the overall expenditures are funded by match funding.* The Auditor shall obtain evidence from the Grantee that supports the spending of match funding to cover project expenditures.</p> <p>*In some cases, the % of match funding can be below 25% - please check with the Grant Agreement and Project Budget.</p> <ul style="list-style-type: none"> <li>The Auditor inspected the evidence and recalculated the total percentage of match funding.</li> </ul> <p><i>Further guidance:</i></p> <p><i>Obtain from management the Financial Statement as well as relevant supporting documents relating to match funding and perform the following procedures:</i></p> <ol style="list-style-type: none"> <li><i>Using the Financial Statement, the Auditor will recalculate the total percentage of match funding.</i></li> <li><i>Select the five largest transactions underlying the match funding report in the Financial Statement and five transactions at random and test that the match funding reported for this grant is for the work related to the Blue Action Grant.</i></li> </ol>	<p>15. There were no discrepancies between the percentage of match funding reported by the Grantee and the percentage recalculated by the Auditor.</p> <p>16. Match funding was related to the Blue Action Grant and adequately supported by evidence.</p>	
<b>C</b>	<b>Compliance with procurement rules</b>		
<b>C.1</b>	<p><i>Procurement</i></p> <p>As stated in Section 9 and Annex 4 of the Grant Agreement, the procurement of goods, works and related services as well as consulting services funded through Blue Action shall be based on strict ethical principles and best international procurement practices for NGOs, and shall conform to the procurement policy.</p>	17. The required list of goods, works and associated services and consulting services was provided by the grantee.	

Ref	Procedures	Standard factual finding	Result (C / E / N.A.)
	<ul style="list-style-type: none"> <li>The Auditor obtained a list prepared by the Grantee and attached as Appendix 2 (iii) to the Auditor's Report of all purchased goods, works, associated services and consulting services above EUR 5,000.</li> </ul> <p>The Auditor sampled* _____ procurement items above EUR 5,000.</p> <ul style="list-style-type: none"> <li>The Auditor consulted Annex 4 to the Grant Agreement and inspected documents and obtained confirmations that goods, works and related services and other consulting services were awarded according to the procedures in Annex 4 including an analysis of best offer which takes into account key criteria such as price, quality, suitability, delivery terms, warranty, etc.</li> </ul> <p><i>Further guidance:</i></p> <p><i>*Using the List of all procurements above EUR 5,000 (Appendix 2 (iii)) the Auditor will perform the following procedures:</i></p> <ol style="list-style-type: none"> <li><i>Select the five largest procurement items above EUR 5,000.</i></li> <li><i>Select additional number of procurement items on a random basis, such that the sample at a minimum includes 10% of the total number of procurement items above EUR 5,000.</i></li> <li><i>For the items selected, the Auditor will examine the supporting documents (i.e. request for proposals, direct award memos, underlying contracts) and check that the procurement policy has been followed.</i></li> </ol>	<p>18. The procurement procedures specified in Annex 4 to the Grant Agreement were appropriately applied in the sampled procurement items.</p>	

Ref	Procedures	Standard factual finding	Result (C / E / N.A.)
<b>D</b>	<b>Follow-up</b>		
<b>D.1</b>	<p><u>Only applicable for financial reviews beyond the first</u></p> <p>If the Auditor has reported deficiencies and made recommendations in previous reports on factual findings, the Grantee shall provide evidence that the recommendations have been implemented or that deficiencies have been rectified for the reporting period under review.</p> <ul style="list-style-type: none"> <li>The Auditor inspected documents and obtained confirmations that the recommendations have been implemented and/or that deficiencies have been rectified by the Grantee.</li> </ul>	19. Deficiencies were adequately rectified and/or recommendations were adequately implemented.	

*[legal name of the audit firm]*

*[name and function of an authorised representative]*

**<dd Month yyyy>, <Signature of the Auditor>**