



Public Procurement Audit Manual



Office of the Comptroller and Auditor General of Bangladesh



Preface

The Government of the People's Republic of Bangladesh provides goods and services to the citizens as enshrined in the Constitution. To perform this sacred duty, the Government has to procure from within the Government or from outside. Thus, public procurement occupies a key position in both development and revenue budget of our Government. To perform this function efficiently, the Government already enacted Public Procurement Act, 2006 and issued Public Procurement Rules, 2008.

Procurement audit has always been a part and parcel of Government audit. The INTOSAI- the global forum of the Auditors General issued International Standards of Supreme Audit Institutions, commonly known as ISSAIs in 2010 for the guidance of Government auditors while conducting audit including procurement audit across member nations. If these professional standards are followed in the SAI of Bangladesh, I am confident, that will enhance the quality and efficiency of government auditors and help them in playing their entrusted role.

This Procurement Audit Manual is an important deliverable under the current development project, i.e., Strengthening Public Expenditure Management Programme (SPEMP-B). Concerned international and national consultants as well as the evaluation team deserve special appreciation for being contributors to this valuable product. Meanwhile pilot audits have been carried out in line with this Manual. From now on procurement audit will be conducted as per this Manual and other audit standards.

The SAI Bangladesh did not have a Procurement Audit Manual as such since its inception in 1973. So this is a valuable addition to the current stock of Manuals. The Manual draws heavily from afore mentioned Public Procurement Act, 2006 and Public Procurement Rules, 2008.

The Manual derives its authority from articles 128 and 132 of the Constitution of People's Republic of Bangladesh and the Comptroller and Auditor General (Additional Functions) Act, 1974 and subsequent amendments thereof.

This Manual is a living document. It will be updated periodically. Any suggestion to improve it will be most welcome. However, while applying the Manual if any error or omission is noticed, the matter may please be brought to the notice of the Office of the Comptroller and

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Public Procurement Audit Manual

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Public Procurement Audit Manual

Part I

1. Introduction

A large amount of money is spent on procurement of works, goods and services by ministries, government departments, autonomous bodies and government-owned companies. Some large departments and autonomous bodies like the Roads and Highways Department, Local Government Engineering Department, Power Development Board and Water Development Board spend, in some years, up to 90% of their development budget on procurement. Similarly every organisation uses significant funds for procurements, maintenance and repairs every year under their revenue budget. All stages of procurement management: needs assessment, processing, approval, awards, procurement performance and bill payment after satisfactory performance, must be efficient, economic (through obtaining a competitive price) and effective to ensure better and efficient delivery of services to the citizens of the country.

2. Objectives of Procurement Audit

Procurement is the process of acquiring works, goods and services from external sources by individual entities. Procurement is defined in Public Procurement Rules, 2008 (PPR) as: “the purchasing or hiring of Goods or acquisition of Goods through purchasing and hiring and the execution of Works and performance of Services by any contractual means.” The procurement process encompasses “The whole life cycle process of acquisition of goods, services and works from third parties, beginning when a potential requirement is identified and ending with the conclusion of a service or contract.... .” Therefore, unless procurement is conducted in a proper and appropriate manner, following proper procedures, it could result in wastage, over-expenditure, corruption and drain-out of public resources leading to inefficiency and non-performance of public entities. Additionally, it could also result in the over-pricing of services for the service-receiving public. The primary objective of procurement audit is to “reveal deviations” from accepted standards under the Public Procurement Act, 2006 and Public Procurement Rules, 2008 early enough to make it possible for the procuring entities to take corrective steps in individual cases, to make those accountable accept responsibility, to obtain compensation and to adopt overall measures where necessary, “to prevent or at least, render more difficult such breaches” in future.

The procurement audit processes, findings and their follow-up aim to have the ultimate impact of ensuring that individual entities are driven to consider and reshape their procurement management and operations to achieve the following:

- i) **Savings in Purchase Cost:** Entities consider all the costs through the life of a project and conduct purchasing through competition and regular benchmarking of prices to make savings in purchase expenses,
- ii) **Improvement in Quality:** Quality and service requirements need to be clearly determined up-front and the performance of contractors, suppliers and service providers monitored to avoid delivery of sub-standard works, goods and services,
- iii) **Improvement in Delivery:** Works, Goods and Services must be delivered and received on time and at the right quantity and quality to avoid disruption in public services,
- iv) **Elimination of Impropriety and Fraud:** If proper procurement process are not followed and internal control systems are weak or non-existent, awards may be given unfairly and standards expected of public servants may not be upheld, and
- v) **Gaining up-to-date Market Knowledge:** Entities will need to be aware of new and recent arrival of technologies and goods and services which may provide better value to them, otherwise they may miss opportunities to deliver services more efficiently.

3. Mandate and Jurisdiction for Procurement Audit

Article 128(1) of the Constitution of Bangladesh empowers the Comptroller and Auditor-General to audit government expenditure and Section 5(1) of the Comptroller and Auditor General (Additional Functions) Act, 1974 empowers the Comptroller and Auditor-General to audit the revenue and expenditure of statutory public authorities (for example: Water and Sewerage Authority, Bangladesh Chemical Industries Corporation, etc), public enterprises (for example: factories owned by corporations, Hotel Rupasi Bangla, Jamuna Oil Company, etc) and local authorities (for example: City Corporations, Upazilla Parisads, etc).

The representatives of the Comptroller and Auditor-General while conducting an audit on procurement activities will be guided by provisions of the Public Procurement Act, 2006 (PPA 2006) and Public Procurement Rules, 2008 (PPR 2008).

Their jurisdiction covers, under Section 3 of the Public Procurement Act the following areas:

- a) Procurement of Goods, Works and Services by any procuring entity using public funds;
- b) Procurement of Goods, Works and Services by any government or semi- government body established under any law;

- c) Procurement of Goods, Works and Services by any procuring entity using public funds by a company registered under the Companies Act,1994; and
- d) Procurement of Goods, Works and Services under a loan, credit or grant agreement or under any other agreement with a development partner or with a foreign state or organization.

Provided that if there is anything to the contrary in any such agreement entered into, the provision of that agreement shall prevail.

Generally an agreement between development partner and Government of Bangladesh incorporates provisions that when the value of procurement for certain categories of items would exceed a certain threshold described in the agreement, the procurement guidelines of the development partner will prevail and the procuring entity will need to obtain clearance from the development partner at different stages in the procurement process, for example in relation to the determination of specification, preparation of bidding documents and approval of tenders.

4. Purpose of the Manual on Procurement Audit

This manual has been designed to guide the compliance audit of procurement activities. A compliance audit, according to Compliance Audit Guidelines (ISSAI 4100): “should be designed to provide reasonable assurance of detecting errors, irregularities and illegal acts”. The purpose of this Manual is to formulate user friendly methodology, steps, measures and guidelines that would facilitate and ensure effective and useful audit planning, diagnosis and audit of procurement activities of different entities falling under the jurisdiction of the OCAg, so as to identify non-compliance taking place by way of “errors, irregularities and illegal acts”.

The manual has taken into consideration the fact that not all OCAg auditors will have equal knowledge and experience of procurement. The manual has been planned and phrased in a way that will serve as a user friendly audit guide for any auditor of moderate ability to understand the nature and sequence of procurement activities of an entity adequately. This understanding is essential for auditors to plan and execute a procurement audit efficiently and draw up audit judgements, including generation of audit findings in the form of a report and following up findings with entities.

The manual may be used by OCAg to institute an individual procurement compliance audit. It may also assist as a work of reference for auditors performing audit of procurement as part of a financial audit or performance audit.

5. Glossary (Attachment I)

This glossary describes the meaning of some words and terms which auditor will use during audit of procurement using this manual. Other words and terms included in the PPR, 2008 and used in this manual will bear the same meaning as described in that rule.

6. General Principles and Practices for Auditing, Materiality and Sampling

6.1 General Principles and Practices

General Principles and Practices for Auditing: planning, auditing, reasonable assurance, documentation, reporting, etc will be as described in the Financial and Compliance Audit Manual to be followed by any OCAG unit, for initiating, planning and executing any audit including reporting audit findings and their follow-up and hence are not included in this manual.

6.2 Materiality

The auditor should establish planning materiality by value.

The auditor's aim should be to have a reasonable expectation of detecting material errors, omissions, or misstatements in the account, should they exist.

Setting an appropriate planning materiality (coupled with the appropriate risk analysis) should satisfy that expectation.

To set materiality by value, the auditor should attempt to determine the highest value contracts and large payments made during the audit period under individual contracts.

The level set is largely a matter of judgement for compliance audits and would need to refer to relevant planning considerations for financial and performance audits.

Guidelines in the form of percentage range limits can be used to assist in the judgement process and to achieve a level of consistency.

The auditor normally selects one overall amount for planning materiality.

In doing this, the auditor will need to take into account the particular characteristics of the entity they are auditing and the interest shown in them by parliament or concerned stakeholders.

It is, therefore, not possible to prescribe a fixed level of materiality in either absolute or relative terms which must be applied in all cases.

The audit working papers should clearly demonstrate the reasons for setting materiality at any given level.

The ranges considered need to be applied intelligently and are no substitute for potential judgement based on a thorough understanding of the entity's activities and the interest shown in them by parliament and other stakeholders.

The auditor should always consider the following questions:

- What are the interested parties (such as Parliament) most likely to be concerned about?
- What level of accuracy could be reasonably expected?

For procurement audit, materiality level is generally set at 0.5 to 1 percent of expenditure in the period being audited unless there are clear indications that a different threshold needs to be considered.

More detailed guidance on materiality, if required, can be found in Annexes H and H1 to the Financial and Compliance Audit manual.

6.3 Sampling

The majority of the questions in Module 3 to 9 are sample tests. Before sample testing can take place, the auditor should first select a reliable sample source, for example a listing of all procurements carried out by the auditable organization or unit in the period of time being audited. Before selecting a sample, the auditor should seek assurances from the client that the sample source is complete (i.e. there are no procurements which have been excluded). If such assurances are not forthcoming, the auditor should test the completeness of the procurements listing by tracing a sample of large payments from the bank statements and/or cashbooks of the client body through to the listing. If any payments are noted that do not form part of the procurements listing, explanations should be sought from the audited organisation, or if no explanation is forthcoming, an audit observation should be raised.

The auditor should use his or her judgement as to how many sample items to select for sample tests in Modules 3 to 9, or even if any items should be sampled at all for some procurement types (if such procurement types are considered low risk or non-material).

As a rule, select all of the largest items of procurement. Also, ensure that risky procurements (for example any with complicated or novel requirements) are also selected.

When identifying a sample size, have regard to the materiality level set as part of planning (see section 6.2. above). Any individual procurement above this materiality value should be picked as high value items as part of the sample for testing.

The auditor has the following options open to him when deciding how much sample testing of a population to do. The options could be to:

- **Examine all the transactions or items in a population (100 percent testing):** 100 percent testing is normally unnecessary and inefficient. However, the auditor may sometimes decide that a particular population requires 100 percent examination depending on the nature of the risks identified.
- **Examine less than 100 percent of the transactions or items:** when the auditor tests less than 100 percent of the population, it is necessary to select in some way, the transactions or items to be examined. Selective testing procedure falls into two categories:

a) **High value and key item selection:** These collectively are often referred to as individually significant transactions, and the auditor normally audits 100 percent of them.

High value items are those which are above the materiality level (see above).

Key items are items that auditors usually also wishes to examine 100% based on their knowledge and experience. There may, for example, be unusual items revealed through scrutiny of the accounting records and statements. These may be considered especially worthy of interest because of their high-risk nature.

How the auditor goes about testing key items depends on their number and materiality. As noted, it would be normal to examine 100 percent of them but, if there are a large number of similar transactions, the auditors may examine the items which are most important in their judgement. If those do not reveal any significant errors, the auditor may decide not to sample the remainder of the sample items.

Examining 100 percent of high value items and key items does not constitute audit sampling because the auditors can reach a conclusion only on the items they have examined and not on the whole population from which the items have been drawn. However, if the total of the remaining is insignificant, the auditor might feel justified in forming an opinion on an account balance by examining only the high value items and key items.

b) **Sampling:** Here the auditor employs a sampling method with the aim of drawing a conclusion about the whole population by auditing a representative sample of the

transactions. The sample would be drawn from the whole population, less the individually significant items that have been examined 100 percent.

Thus sampling is defined as the application of an audit procedure to less than 100 percent of the item within an account balance or class of transactions for the purpose of evaluating audit evidence about some characteristics of the items selected in order to form or assist in forming a conclusion concerning the population from which the sample was drawn.

Clearly auditors want their conclusion, based on examining only a sample, to be the conclusion they would have reached if they had examined the whole population. To achieve this, the auditor's sample needs to have the same characteristics as the whole population. In other words, the sample needs to be representative of the population from which it has been drawn. In fact, it is impossible to be sure that a sample is truly representative of its population and there is always a risk (known as the sampling risk) that auditors will come to the wrong conclusion about the whole population simply because they examined only part of it. The auditor must therefore try to control the sampling risk through careful planning and selection of the sample. But there will always be some uncertainty which auditors must take into account when evaluating the results of testing the sample. This is true whatever sampling method the auditor adopts.

6.4 Objective of Sampling

Sampling is only one source of audit assurance. To obtain assurance with respect to the internal control system to support their assessment of control risk, auditors use review, inquiry, observation and walk-through procedures, as well as sampling. For substantive tests, auditors also use analytical procedures and the testing of individually significant transactions.

These other audit procedures are often more cost-effective than sampling. Therefore, on a lot of audits auditors will first consider the assurance that they can obtain from these other sources of assurance, and then look to sampling to provide the required remaining amount of assurance. With this approach, the objective of sampling is to reduce detailed checking to the minimum consistent with the required level of overall audit assurance.

The auditor, of course, must not do less than is required. The proportion of the population to be examined in detail must be determined and selected so that the risk of not detecting material errors, omissions and irregularities is minimised.

6.5 Statistical and Non-statistical Sampling

Sampling methods can be broadly categorised as statistical or non-statistical. However, both statistical and non-statistical methods have the following features in common:

- a) They both require the exercise of audit judgment in planning, selecting and evaluating the sample. (The use of the term “judgmental sampling” as the opposite of statistical sampling is therefore misleading);
- b) Auditors must make sure that they have taken sample from the whole population and that the population is complete;
- c) Before beginning their examination of the sample, auditors should consider the audit objective of the test and define what will constitute an error;
- d) The sample should be selected without bias towards any particular items;
- e) The sample must be large enough to ensure that the risk of it being untypical of the whole population is reduced to the level that the auditor has determined to be necessary to achieve the desired level of overall audit assurance;
- f) The results of the sample test must be evaluated in relation to the whole population.

More detailed guidance on sampling, if required, can be found in Annex K to the Financial and Compliance Audit manual, and some standard forms to be used for sampling can be found at Annexes K1 and K2 of the same manual.

Part II

Procurement System, Process and Procedures under the PPR 2008

7. Procurement-Legal Framework

7.1 Procurement Act and Rules

With a view to “ensuring transparency and accountability” in the process and in order to “ensure wide competition and equal treatment to all persons interested to participate in procurement activities”, the Public Procurement Act, 2006 (PPA 2006) introduced procedures and related provisions for the procurement of goods, works or services by procuring entities using public funds.

The Central Procurement Technical Unit (CPTU) of the Government under Implementation Monitoring and Evaluation Division (IMED) was formed to exercise powers conferred under section 67 of the Public Procurement Act, 2006.

The PPR 2008 established detailed provisions for procurement by procuring entities, to “fulfill the objectives” of the Act. Accordingly any procuring entity will be required to follow the Act and the PPR, subject to amendments made through SROs, to execute works, receive supplies and obtain services from contractors, suppliers and consultants. Procuring entities, however, will be required to follow the procurement guidelines of development partners and foreign agencies, if so provided in the agreements reached with these parties.

Statutory Regulatory Orders (SROs): Government of Bangladesh, Implementation Monitoring and Evaluation Division (IMED), has amended certain provisions of the PPR 2008, by exercising powers conferred under section 70 of the Public Procurement Act, 2006, from time to time through issuing Statutory Regulatory Orders e.g. SRO no. 203-Law/2009 dated 12 August 2009, SRO no. 73-Law/2011 dated 27 March 2011 and SRO no. 83-Law/2012 dated 1 April 2012.

7.2 Standard Documents

The Central Procurement Technical Unit of IMED has published Standard Documents for example: Standard Tender Documents (STDs) and Standard Document for Request for Quotation (SRFQ) (mentioned in Schedule I modified last on 27 March 2011 through SRO) to further facilitate smooth implementation of provisions of PPR 2008. These Standard Documents help establish efficiency, competition, uniformity and discipline in the process of procurement and also help ensure compliance with the provisions of the Act and Rules at all stages of the procurement process.

Specific situations may require an entity to use different procedures and processes other than those mentioned in the PPR 2008. These exceptions need to be approved by the Cabinet Committee on

Economic Affairs, under circumstances specified in and permissible under the PPR 2008 (Clause 61(5) to reduce time for processing and 76(2) to allow direct procurement).

“Tender Document or Request for Proposal Document”, means the Document provided by a Procuring Entity to a Tenderer or a Consultant as a basis for preparation of its Tender or Proposal;

- (1) Tender Documents shall be made available to Tenderers as soon as the relevant advertisement is published under Rule 90 of PPR.
- (2) All prospective Applicants or Tenderers shall be provided the same information and be assured of equal opportunities to obtain additional information promptly upon request.
- (3) Tender Documents shall be posted on the Procuring Entity’s website where possible.
- (4) The cost of Tender Document will be determined by the Head of the Procuring Entity or an officer authorised by him or her but the price of a Document shall not exceed the cost of producing and delivering the Document to Applicants or Tenderers.
- (5) A Procuring Entity shall not refuse to make Tender Documents available immediately to Persons requesting and willing to purchase at the corresponding price if the advertisement has been published in the newspaper.
- (6) The Procuring Entity shall record all Persons to whom Tender Documents have been issued and such records shall have a reference number and include full contact details, such as ID or personal details, mailing address, telephone and facsimile numbers and electronic mail address, if applicable.
- (7) There shall not be any pre-conditions whatsoever, for sale of Tender Document to and the sale of such Document shall be permitted up to the day prior to the deadline for the submission of Tender.
- (8) Tender Documents, as well as any modification to Tender Documents under Rule 95, shall be made available to Tenderers by - (a) the office of the Procuring Entity; (b) an authorised agent of the Procuring Entity, if specified in the advertisement; (c) mail or courier at the request of potential Tenderers against payment by the Tenderer of the corresponding mailing charges in addition to the prices of the Documents; and (d) website of the Procuring Entity mentioned in the advertisement.
- (9) Procuring Entities which publish Tender Documents on their website shall ensure that - (a) the Tender Document is not removed from the website, before the closing date for the submission

of Tenders; and (b) all modifications and clarifications to the Tender Document, if made and issued, including the reference numbers and dates are also posted on the website.

- (10) A Procuring Entity may, in order to explain the purpose and other requirements of a particular Procurement and respond to questions from potential Tenderers, hold a Pre-Tender meeting.
- (11) All Tenderers who have purchased or wish to purchase the Tender Document shall be permitted to attend the pre-Tender meeting but the minutes shall be circulated only to those Tenderers who have purchased the Tender Documents within the period specified in Schedule II of PPR (Rule 78).
- (12) For e-GP, the provisions of Chapter Eight of PPR will prevail (Rule 95).

Modifications to Tender Documents.

- (1) At any time prior to the deadline for the submission of Tenders, a Procuring Entity may, on its own initiative or in response to an inquiry by a Tenderer or as a result of a Pre-Tender meeting, modify the Tender Documents by issuing an addendum.
- (2) The addendum issued under Sub Rule (1) shall become an integral part of the Tender Document and shall have a date and an issue number and must be circulated by fax, mail or e-mail, to Tenderers who have purchased the Tender Documents within the time specified in Schedule II, to enable Tenderers to take appropriate action.
- (3) The Tenderers shall acknowledge receipt of an addendum within the time specified in Schedule II of PPR.
- (4) Tenderers who have purchased the Tender Documents but have not received any addenda issued under Sub-Rule (2) shall inform the Procuring Entity of the fact by fax, mail or email, within the period specified in Schedule II of PPR.
- (5) Procuring Entities which have advertised Tender Documents on their website under Rule 90 of PPR shall also advertise relevant addenda including the reference number and date on their website.
- (6) If an amendment is made when time remaining is less than one-third of the time allowed for the preparation of Tenders, a Procuring Entity shall extend the deadline for the submission of Tenders as specified in Schedule II, depending upon the nature of the Procurement requirement and the amendment (Rule 96 of PPR).

8. Procurement Process and Procedures

8.1 Types and Steps in Procurement Process

The procurement process may involve the acquisition of one or more of following:

- i) Goods
- ii) Works and
- iii) Services

Schedule III of the PPR 2008 sets out separate provisions for the acquisition of goods, execution of works and performance of services.

A Procuring Entity usually follows the steps in the sequence mentioned below from beginning up to the end of the cycle depending on the kind of procurement:

- i) Preparation of Annual Procurement Plan;
- ii) Selection of a method of procurement;
- iii) Selection of the specific flow-chart as provided in Schedule III;
- iv) Determination of the specification for the object of procurement;
- v) Preparation of the cost-estimate of the object;
- vi) Prequalification, if necessary;
- vii) Develop Application/Expression of Interest/Tender/Request for Quotation Documents on the basis of standard documents mentioned in Schedule- I of PPR;
- viii) Invitation of Application/ Expression of Interest/Tender/Request for Quotation/ Quotation -through advertisement where applicable;
- ix) Evaluation of Application/Expression of Interest/Tender /Request for Quotation/ Quotation;
- x) Complaint Review where applicable;
- xi) Enlistment/ Short listing, where applicable;
- xii) Acceptance or rejection of Tender/RFP (request for proposal);
- xiii) Contract Award;
- xiv) Execution of contract and completion of works, supply of goods and performance of services by contractor, supplier and consultant.

8.2 Methods of Procurement

8.2.1 National Procurement

- 1) Different methods of procurement, such as International Procurement , National Procurement, Open Tendering Method (OTM), Limited Tendering Method (LTM), Direct Procurement Method (DPM), Request for Quotation Method (RFQM), Two-stage Tendering Method, Quality & Cost

Based Selection(QCBS), Selection under a Fixed Budget(SFB), Least Cost Selection (LCS), Single Source Selection (SSS) and Selection Based on Consultant’s Qualification (SBCQ) will be required to be adopted by different entities depending on the nature and type of the individual procurement, complexity of items, the urgency and value of the procurement and whether the goods, works or services are available within or outside the country.

- 2) Methods for national procurement of goods services and works are:
 - a) Open Tendering Method (OTM)
 - b) Limited Tendering Method (LTM)
 - c) Two Stage Tendering Method
 - d) One Stage Two Envelopes Tendering Method
 - e) Request For Quotation Method
 - f) Direct Procurement Method

- 3) Provisions under which individual methods are permissible for the execution of works or supply of goods have been described in Chapter Four of PPR-2008. Methods other than OTM are admissible subject to the following:
 - i) the value of procurement is within the threshold mentioned in Schedule I;
 - ii) the special circumstances under which adoption of the method seems justified must be; in compliance with that mentioned in Chapter Four of PPR-2008; and
 - iii) the reason or justification for selection of a particular method is recorded by the procuring entity.

- 4) Circumstances and relevant rules under which some of the methods may be selected and used by a procuring entity are mentioned below as examples:

Methods	Circumstances under which the method is admissible are set down in	Some examples of maximum threshold/ limitation as prescribed in PPR, 2008 Schedule- II : (in BDT)
Limited Tendering Method	Rule 63	➤ Maximum Tk. 25 (Twenty Five) Lac. for Goods and Tk. 2 (Two) Crore for Works and Physical Services per Rule 63(2)
Two Stage Tendering Method	Rule 65	N/A
Request for Quotation Method	Rule 69 (Threshold amended by Delegation of Financial Powers 2015)	Revenue Budget: ➤ Maximum Tk. 3 (Three) Lac. in each Procurement up to annual aggregate amount of Tk. 15 (Fifteen) Lac. for Goods and related Services

Methods	Circumstances under which the method is admissible are set down in	Some examples of maximum threshold/ limitation as prescribed in PPR, 2008 Schedule- II : (in BDT)
		<ul style="list-style-type: none"> ➤ Maximum Tk. 5 (Five) Lac. for Works and physical Services in each Procurement up to annual aggregate amount of Tk. 25 (Twenty Five) Lac. ➤ Maximum TK. 20 (Twenty) Lac. in one occasion by Ambassador/ High Commission or Head of Mission for goods and unexpected physical service. ➤ Maximum Tk. 50 (Fifty) Lac. in one occasion for maintenance and emergency repair of National Flag carrier for direct procurement of Goods and related services. <p>Development Budget:</p> <ul style="list-style-type: none"> ➤ Maximum Tk. 5 (Five) Lac. in each Procurement up to annual aggregate amount of Tk. 30 (Thirty) Lac. for Goods and related Services ➤ Maximum Tk. 10 (Ten) Lac. in each Procurement up to annual aggregate amount of Tk. 60 (Sixty) Lac. for Works and physical Services
Direct Contracting	Rule 76(1) (Threshold amended by Delegation of Financial Powers' 2015)	<p>Revenue Budget:</p> <ul style="list-style-type: none"> ➤ Maximum Tk. 50 (Fifty) Lac. in each Procurement up to annual aggregate amount of Tk. 5 (Five) Crore for handling emergency arising from natural calamity. ➤ Maximum Tk. 2 (Two) Lac. in each Procurement up to annual aggregate amount of Tk. 10 (Ten) Lac. with the approval of the HOPE for other purposes. ➤ Maximum Tk. 5 (Five) Lac. in each Procurement up to annual aggregate amount of Tk. 20 (Twenty) Lac. with the approval of the Ministry for

Methods	Circumstances under which the method is admissible are set down in	Some examples of maximum threshold/ limitation as prescribed in PPR, 2008 Schedule- II : (in BDT)
		<p>other purposes.</p> <p>Development Budget:</p> <ul style="list-style-type: none"> ➤ Maximum Tk. 25 (Twenty Five) thousand in each occasion subject to a maximum of Tk. 10 (Ten) Lac. for procurement of low value goods and emergency & essential service. ➤ Maximum Tk. 2 (Two) Lac. in each Procurement up to annual aggregate amount of Tk. 10 (Ten) Lac. with the approval of the HOPE for other purposes. ➤ Maximum Tk. 5 (Five) Lac. in each Procurement up to annual aggregate amount of Tk. 20 (Twenty) Lac. with the approval of the Ministry for other purposes.
Additional deliveries and Repeat Orders	Rule 77	15% of original contract price
Variation or Extra Work Orders	Rule 74(4) and 78	15% of original contract price subject to maximum 50%
Direct cash purchase	Rule 81 (Threshold amended by Delegation of Financial Powers 2015)	Tk. 25,000 in a single procurement but` maximum TK. 10 (Ten) Lac. in a year
Force Account	Rule 82	Tk. 2 Lac. in each case
Framework Contract	Rule 89	N/A
Quality & Cost Based Selection (QCBS)	Rule 103(4)(a)	N/A

Methods	Circumstances under which the method is admissible are set down in	Some examples of maximum threshold/ limitation as prescribed in PPR, 2008 Schedule- II : (in BDT)
Selection under a Fixed Budget (SFB)	Rule 103(4)(b)	N/A
Least Cost Selection (LCS)	Rule 104(a)	Max. Tk. 50 Lac.
Selection Based on Consultant's Qualification (SBCQ)	Rule 104(b)	N/A
Single Source Selection (SSS)	Rule 104(d) (Threshold amended by Delegation of Financial Powers 2015)	Maximum Tk. 20 (Twenty) Lac. for selection of a firm and maximum 10 (Ten) Lac. for an individual consultant.
Design Contest	Rule 111	N/A

Note: The thresholds for different procurement methods may be revised by the government through the issue of SRO from time to times. So, auditor should have knowledge of applicable threshold.

8.2.2 International Procurement

- 1) International tenders are floated under circumstances mentioned in Section 33 of the PPA 2006 and procedures included in Chapter 4 Part 6 of the Public Procurement Rules 2008 should be followed. Otherwise, national procurement procedures need to be followed.
- 2) **Open Tender Method (OTM)** as detailed in the Public Procurement Rules 2008 Section 61: Additional requirements for international procurement through OTM include:
 - i) More time to be allowed for the preparation and submission of tenders. For example, a minimum 42 days needs to be allowed for the submission of a new tender, 28 days in case of re-tender for preparation and submission of tender for Goods and Works per Rule 83(1) ;
 - ii) Publicity be made also through English language newspaper or publication of wide international circulation or UN Development Business (online and Development Gateway Market (DG Market) to ensure publicity in international market per Rule 90(3);
 - iii) A domestic preference may be allowed, subject to approval of Cabinet Committee on Economic Affairs, to provide local manufacturer, suppliers and contractors with a price advantage for the purpose of promoting domestic products and industries per Section 33 and Rule 83 (OMA);

- iv) Domestic preference may be allowed up to a maximum 15% of the delivered price for Goods and average maximum 7.5% of contract price for Works subject to conditions that tenderers and suppliers must fulfill the requirements prescribed in Rule 83 to deserve domestic preference and Guidance Notes and Instructions on Domestic Preference shall be included in STDs for international competitive tendering.
- 3) **Two Stage Method:** Additional requirements under Two Stage Tendering Method for international procurement will include steps shown in Flow-Chart Part- GHA of Schedule- II per Rule 84(4).
- 4) **Request for Quotation Method:** Additional requirements for international procurement under this method will include steps shown in Flow-Chart Part- UMA of Schedule- II per Rule 85(4).
- 5) **Limited Tendering Method:** Procedure for international procurement through LTM will be similar per Rule 86 to that to be followed per Rule 64 for national procurement through LTM.
- 6) **Direct Procurement Method:** Procedure for international procurement through DPM will be similar per Rule 87 to that to be followed per Rule Chapter 4 Part -5 for national procurement through LTM.
- 7) **Market survey and Estimates:** As per Rule 98 (14) of PPR 2008, the Technical Evaluation Committee will consider a tender responsive if the tender price is reasonable compared with the market price or is within the official estimate, thus creating the expectations that the Technical Evaluation Committee is required to compare tender prices to market price or official estimates for reasonableness and to determine the market price, the Technical Evaluation Committee can be guided by Rule 83 (b), which states that technical specifications shall be based upon international standards or those widely used in international trade and such standards shall be compatible with those in use in Bangladesh. Auditors are therefore required examine evidence that prices quoted in tender documents have been evaluated for reasonableness.
- 8) **Custom/VAT system:** Rule (98)(17) of PPR 2008 requires the Technical Evaluation Committee in calculating the lowest evaluated price on international procurement to :
- (a) Exclude applicable customs duties, taxes and VAT and include inland transportation costs in case of CIF Tenders for imported goods; and
 - (b) Include applicable customs duties, taxes and VAT for work tenders.
- 9) **Appointment of International Consultants:** Sections 37 and 38 of PPA 2006 prescribed procedures and methods to follow in the selection of consultants for intellectual and professional services. According to Section 39, a procuring entity may follow the provisions of Section 37 and Section 38 in selecting an international consultant where it reasonably appears to the procuring entity that no local consulting firm has the necessary experience and expertise to provide the intellectual and professional services required.

9. Preparation of Application/ Expression of Interest/Tender/Quotation/Request for Quotation Documents and Invitation of Application/Quotation/Request for Proposal

Specifications, technical requirements, terms and conditions in respect of performance, capability and experience of contractors, suppliers and consultants will vary widely and be different for different types of works, goods and services. Accordingly, Applications/EOI/ Tender/ RFP documents will need to be prepared incorporating separate and different terms and conditions covering different aspects specifically mentioned in the PPR 2008. For example, schedule I under Rule 4(1) mentions the names of 31 Standard Documents to be used for individual types of procurement. Similarly, the nature of publicity and time allowed for submission of offers will be different depending on the method of procurement.

The stages and sequence of activities are also different for the preparation of documents. Schedule III of PPR-2008 describes the stages for the preparation of tender and RFP documents under different methods of procurement.

Technical specifications and documents prepared must be non-restrictive, non-discriminatory, clear and unambiguous so as to allow and facilitate fair and wide competition per Section 13 and Section 15 of the Public Procurement Act, 2006.

10. Limits, Conditions and Timeframe

The PPR 2008 has prescribed certain limits, numbers, conditions and timeframes to be followed by procuring entities, committees, approving authorities, and any others concerned associated at different stages in the whole cycle of procurement process. Some examples are described below and further examples are described in Schedule II of the PPR 2008.

Subject	Provision	Relaxation/Exceptions/Conditionality
Enlistment Committee	Enlistment Committee be formed per rule 52 (3) (b) consisting of minimum three members for enlistment of suppliers or tenderers.	
Complaint	Review Panels be formed consisting of 3 members each from three lists be formed by CPTU: one from well reputed specialists in legal matters, one from well-reputed technical experts in procurement and one from specialists on contract management per Rule 58(2). Three to five Review Panels be formed per Rule 58 (2) (b).	None serving in the service of the Peoples Republic of Bangladesh be appointed as a member.

Subject	Provision	Relaxation/Exceptions/ Conditionality
Variation Order	Procurements may be made beyond the approved amount through Variation Order or Additional deliveries of Goods or Extra Work Order or Repeat Order up to maximum 15% of contract value per Rule 74(4) and 77(a).	Subject to condition that the work is necessary to be completed on urgent basis to complete the scope of original contract.
Retention money	Retention money will be deducted from contractors' bill until completion of the works or delivery at 10% in case of procurement valued up to two crores under OTM. Rules 27 and 28 contain more details regarding retentions and performance security.	No retention money is necessary if no advance has been paid and performance guarantee (PG) at 10 % has been obtained.
LTM	LTM may be used if the time required and administrative cost for processing procurement under OTM would be high compared to the value of procurements per Rule 63(2), subject to procedures mentioned in Rule 64.	For procurement of i) Goods and related service and Stand alone Services valued up to Tk. 25 Lac. ii) for Works and physical services, up to Tk. 2 Crore.
RFQM for Goods under Development Budget (Threshold amended by Delegation of Financial Powers' 2015)	Procurements may be made through RFQM for Goods valued up to Tk. 5 Lac. under Development Budget per Rule 69(1) and (6).	Subject to maximum Tk. 30 Lac. in a year.
	Procurements may be made through RFQM for Works valued up to Tk. 10 Lac. under Development Budget per Rule 69(1) and (6).	subject to a maximum of Tk. 60 Lac. in a year.
Services-LCS	This method should be used for procurement of intellectual and professional services of a standard and routine nature like audit, architectural and engineering design.	For small value assignment up to Tk. 50 Lac. per Rule 104(a).

Subject	Provision	Relaxation/Exceptions/ Conditionality
Services-SSS (Threshold amended by Delegation of Financial Powers' 2015)	This method should be used for engagement of firms or individual consultants under situations covered by Rule 104(GHA).	For small assignments valued up to max. Tk. 20 Lac. for consulting firms and Tk. 10 Lac. for individual consultants.
NOA	NOA shall be accepted by successful tenderer within 7 days of issuance of NOA per Rule 102(2)	
Pre-qualification	Applicants should be allowed min. 21 days to prepare Applications per Rule 91(4).	Pre-Qualification Documents must remain ready by the date advertisement is published.
Records	Procurement records mentioned in Rule 43(3) must be preserved minimum for 5 years per Rule 43(1).	
Complaint	A Person shall submit complaint to the concerned officer of the procuring entity within 7 calendar days of becoming aware of the circumstances giving rise to the complaint per Rule 57(1).	
Complaint	A person may appeal to a Review Panel if the Person is not satisfied with the decision of the Secretary of the Ministry/Division.	i) Complaint be submitted within 7 working days of receipt of a decision from Secretary or having not receiving any timely decision per Rule 57(12) ii) Person must exhaust all the process and options of complaints prior to submission of appeal to Review Panel per Rule 57(11).
Complaint	Review Panel shall issue written decision on the complain within 12 working days of receipt of the complaint per Rule 60(2).	

Subject	Provision	Relaxation/Exceptions/ Conditionality
Multiple dropping	Procuring Entity may allow multiple dropping in exceptional cases with the approval of Secretary of the Ministry/Division for procurement of Goods and Works valued Tk. 30 Lac. or above and subject to other conditions mentioned in Rule 96(11).	
Variation Order	Procuring Entity may issue a variation order up to 15% of the original contract price for procurement of Works to cover any increase or decrease in quantities including introduction of new work items per Rule 78.	New work items may be entertained when these come up either due to change of plan, design or alignment to suit actual field conditions within the general scope and physical boundaries of the contract.
Extra work Order	Procuring Entity may issue an Extra Work Order under conditions mentioned in Rule 78 up to 15% of the original contract price.	

11. Evaluation, Approval, Contract Award, etc.

11.1 Evaluation, Approval, Contract Award

Different procedures for evaluation, levels of approval, timeline for finishing process and terms of contract have been incorporated in the PPR 2008 following consideration of different factors like method of procurement, threshold value and type of procurement. The composition of the evaluation committee, evaluation procedures and scoring patterns are not similar for all methods of procurement. A procuring entity is bound to include specific and clear evaluation criteria in tender and RFP documents and Tender Evaluation Committees (TEC) and Proposal Evaluation Committees (PEC) are bound to complete their evaluation following the processes mentioned in the PPR 2008 on the basis of criteria set in tender and RFP documents.

The approving authority should follow the process for rejection or acceptance of tenders and RFPs as described in the PPR 2008 and the contract must be signed and performance under contract must be completed according to provisions mentioned in the PPR 2008.

Performance Guarantees must be provided in accordance with rule 27 before signing of the contract.

11.2 Performance under Contract

A Project Manager should be appointed per rule 2(40) and 38(6) to supervise and monitor if contractors/suppliers/ consultants are performing according to terms and stipulations of the contract. Procuring entities and supervisory authorities should take steps and actions according to the provisions under rule 38(3) and other provisions of Part 6 to ensure that actual procurement of works/ goods /services are effected as per terms of contract. Bills will be paid on the basis of satisfactory performance to be supervised and monitored by procuring entity under rule 39 for works executed, rule 40 for goods and rule 41 for services.

11.3 Complaint and Post Procurement Review

Part 12 of the PPR 2008 includes provisions for the submission of complaints by individuals under circumstances mentioned in rule 56(1) and there are detailed provisions for review of complaints at different levels. Specific timeframes have been set in the PPR 2008 for submission of complaints as well as for communicating result of reviews by different authorities like Project Director, Head of Procuring Entity (HOPE), Secretary and Review Panel. This timeframe enables the avoidance of delays in the complaint handling process.

In accordance with part 8 of the PPR 2008, the HOPE should appoint independent consultants to conduct a post procurement review in the light of instructions provided in the PPR 2008 to ascertain how far provisions of the PPA 2006 and PPR 2008 were followed during procurement processing. This review helps ensure compliance with the provisions of the PPA 2006 and PPR 2008 by procuring entities as well as approving authorities and fulfill the objectives of the PPA 2006 of “ensuring transparency and accountability” in the procurement process and “wide competition and equal treatment of all participants in procurement activities”.

Part III

12. Procurement Audit Toolkit: Tools Inside

The Procurement Audit Toolkit has been designed to comprise nine modules. Each module consists of a series of questions followed by interpretive notes. The Toolkit is used as a Two-Stage Approach. The first stage is a diagnostic one whereby the OACG would use Module-A to understand and identify entities that are particularly at risk from underperforming, non compliant or corrupt prone activities. If an entity has been identified within the OACG, as high risk and suitable for further scrutiny and examination of procurement functions, the OACG would undertake a more detailed analysis at the second stage using some or all the stage two modules to identify in detail the inconsistencies, irregularities and malpractices committed at different stages of the procurement process by procuring entities.

13. Using the Manual in Practice

13.1 Mixture of Three Processes

The Procurement Audit Toolkit involves a mixture of self-assessment by the procuring entity and organisation and interviews undertaken by auditor coupled with the examination of procurement-related documents of the entities. The questions are included in the modules below accompanied by guidance notes beside the questions. Guidance notes will be useful for the auditor to identify corroborating documents to support the answers. Detailed interpretive notes, presented after the questions, are aimed to further elaborate the purpose and significance of the questions, to the auditors.

13.2 Stage One Audit

Module – A will comprise the following steps in sequence:

- Step 1: Issue of questions to the organisation;
- Step 2: Collection of information and documents;
- Step 3: Interview with the head of the organisation;
- Step 4: Generation of findings and dispatch of audit report;
- Step 5: Listing the procuring entity or organisation for detailed audit through second stage modules.

Note: Steps (1) and (2) may be undertaken simultaneously.

Example of possible audit approach for module A

<p>Step 1: Issue of questions to the organisation</p>	<p>1.1 Allow auditors 1-2 days to complete the background reading on procurement and reading on procurement audit toolkit; 1.2 Auditors have discussion with senior management on the proposed audit, decide who the questions be directed at and establish the first point of contact; 1.3 Issue questions.</p>
<p>Step 2: Collection of information and documents</p>	<p>2.1 Request for pre-audit information (Attachment- II) sent to first point of contact and ask for the information be provided within 15 days; 2.2 Having received the response on the questions and pre-audit information, auditors arrange a short meeting with senior management to share the findings and obtain guidance.</p>
<p>Step 3: Interview with the head of the organisation</p>	<p>3.1 Auditors arrange a formal meeting with head of organisation to go through their self-assessed Module A answers; 3.2 Allow the organization one week to submit any comments or clarifications in writing.</p>
<p>Step 4: Generation of findings and dispatch of audit report</p>	<p>4.1 Make assessment review the indicators of non-performance and irregularities to decide as to whether a Stage Two audit is justified; 4.2 If a detailed audit is recommended, an Interim Audit Report will be issued highlighting the signals that surfaced during Stage One audit work along with justification for a detailed audit indicating the specific modules that auditors will use; 4.3 If deviations are considered to be too small or insignificant or immaterial to necessitate a Stage Two audit, a Final Report with recommendations will be issued.</p>
<p>Step 5: Listing the procuring entity or organisation for detailed audit through second stage modules</p>	<p>5.1 Register the name of the entity or organization in the “Yellow List” of entities considered fit and necessary for detailed audit using respective modules; 5.1 Classification of entities or organisations included in “Yellow List” into three categories A, B and C (Details of classification described in Para 14.2 below).</p>

Questions will be either sent to the organisation by courier or handed over in person by the auditor to the head of an organization or head of procuring unit of the organization (when such a separate unit exists within the organisation) or director finance, as applicable . The organisation will analyse

and complete the questions and make these available to the auditor within a specified time. The auditor will need to try to collect, among others, the following information and documents (see Attachment 1 for an explanation of why these are necessary) from the organisation relating to the period under audit either after scrutiny of the completed questions or before receipt of the completed questions:

- i) Procurement policy, internal procedures and procurement guidance documents for staff;
- ii) Organisation chart;
- iii) Financial regulations regarding procurement;
- iv) Delegation of financial powers including particulars of authorities designated to approve tenders of different thresholds;
- v) Implementation status in relation to the annual procurement plan;
- vi) Particulars of procurement of works, goods and services;
- vii) Mechanisms of monitoring procurement performance by top management;
- viii) List of big contractors, suppliers and service providers along with particulars of bills disbursed to each of them;
- ix) Outstanding payables in relation to procurement contracts;
- x) List of contracts where procurement performance was unsatisfactory;
- xi) Internal audit reports, if any, on procurement including actions taken in relation to recommendations.

Some organizations may not be sufficiently well-equipped to furnish all the information noted above and the auditor should not wait too long to complete this stage when such information is not forthcoming. In cases where some information is not readily forthcoming, the auditor should not wait for information those were not received and raise the failure to supply the information as a weakness.

Once steps 1 and 2 have been completed, the auditor will arrange a meeting with the head of organisation to discuss responses including issues arising following the completion of the two steps. The auditor may inform the organisation either in the meeting or thereafter of their recommendation as to whether more detailed audit of procurement functions should be undertaken through the second stage using one or more or all the modules . The auditor will issue an Interim Audit Report, if a second stage audit is recommended. Alternatively a Final Report will be issued when second stage audit is considered unnecessary.

13.3 Stage Two Audit (Detailed Audit)

Stage Two Audit (Detailed Audit) will generally be a consequence of the recommendations of the Interim Audit Report of Stage One Audit. Stage Two Audit (Detailed Audit) may, however, be

launched direct within an entity without following stage one audit under the following circumstances:

- i) if audit teams would be required to be mobilized and dispatched to auditee entities immediately for various reasons;
- ii) if the audit would cover procurement function of a procuring entity headed by an officer of the rank of Executive Engineer and equivalent level and below. An audit team, once they reach an entity –not being selected for detailed audit through stage one—may, however, directly use Module A in part or full, as deemed necessary and fit, as an integral part of their regular audit.

Detailed audit in Second Stage comes generally as a consequence of recommendation of stage one to institute a detailed analysis of the procurement areas that have exposed visible symptoms of under-performance, non-compliance and corrupt-practices during audit through module A. Second Stage audit will comprise nine modules covering the following areas:

- i) Module 1: Leadership, Policy and Strategy;
- ii) Module 2: Procurement Management;
- iii) Module 3: Procurement Process – Procurement of Works/Goods;
(Determination of need for procurement, preparation of estimate and preparation of tender documents);
- iv) Module 4: Procurement Process-Procurement of Works/Goods;
(Auditing publicity, invitation of bids, bid opening, evaluation, awarding process and approval of tender)
- v) Module 5: Procurement of Services;
- vi) Module 6: Contract Administration and bills payment;
- vii) Module 7: Complaint Disposal;
- viii) Module 8: Information Management;
- ix) Module 9: e-Procurement;
- x) Module 10: Audit Steps on matters of Conflict of Interest, Collusive practices and Corruptions in Procurement.

Stage two may follow the following audit approach for undertaking detailed audit:

Step 1: Discussion within the audit directorate to assess the significance and gravity of recommendations for detailed	<ul style="list-style-type: none"> 1.1 Identify specific signals and symptoms mentioned in Stage 1 Interim Report that have driven towards stage two audit; 1.2 Determine specific type of procurement to be audited
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<p>audit</p> <p>Note: Procurement rules vary significantly for works, goods and particularly for services. It is assumed that an audit team may not generally consist of auditors having sufficient knowledge and experience to be able to cover conveniently all the three types of procurement.</p>	<p>i.e. whether works procurement and/or goods procurement and/or services procurement to be covered during audit;</p> <p>It is suggested that usually a maximum two of the three types -- works, goods and services—of procurement may be selected for audit by a single audit team, unless it has been specially formed to cover the whole and all range of procurement activities.</p> <p>1.3 Determine the specific individual modules that would be followed for detailed auditing --management will decide which one or two or more modules will be used by auditors.</p>
<p>Step 2. Formation of audit team</p>	<p>2.1 Understand the type of procurement to be audited, specific modules to be followed;</p> <p>2.2 Understand the complexity and volume of work to be covered during the audit and determine total workload and person-days required;</p> <p>2.3 Form an audit team consisting of suitable auditors having regard to the efficiency required to finish the tasks lying ahead;</p> <p>2.4 Issue an audit program well ahead of the commencement of audit.</p>
<p>Step 3. Audit execution</p>	<p>3.0 Detailed planning of the audit, distribution of work among members of team, interactions with concerned procurement related staff, etc. may be undertaken in line similar to that followed during conduct of any other compliance audit.</p>
<p>Step 4. Audit Report</p>	<p>4.0 Discussion with head of organization and issue of audit report.</p>

14. Audit Planning at Three Levels

14.1 Issues for Composition of Audit Teams

14.1.1 If necessary, the procurement audit would be accomplished by forming a special audit team by the Comptroller and Auditor General.

14.1.2 OCAG will consider, among others, the following issues in respect of drawing audit program, composition of team, selection of auditor and determining audit period:

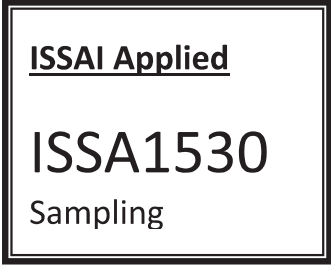
- i) An efficient and effective procurement audit will require the audit team to have sufficient knowledge and experience of relevant procurement rules for individual types of procurement –works, goods and services. The more the complex and technical the case of procurement the more the need for expertise on the application of procurement rules;
- ii) One auditor may not usually have sufficient experience, skill and capability to cover all the three kinds of procurement—works, goods and services;
- iii) Auditing will be very sensitive and sometimes highly complex eg. when auditing will cover procurement decisions taken at the level of ministers, particularly at the level of Prime Minister being the approving authority for procurement proposals passing through Cabinet Committee on Purchase;
- iv) Auditing procurements by defense establishments is in a way somewhat sensitive since it would require distinguishing procurements that may be conducted under special dispensation from those where normal procurement rules would be applicable and auditor would require forming and applying judgement while making this differentiation and distinction;
- v) Concerned decision making or recommending authorities associated at different stages, particularly those associated as members of Tender Evaluation Committee have to use their judgment while processing, recommending or accepting a tender proposal particularly involving complex and highly technical procurement. Auditors will require similarly forming and applying their own judgement during scrutiny of the tender process, particularly when considering the responsiveness of a tender /proposal, recommendations and awarding of these types of procurements.

14.2 Classification of Entities

OCAG audit directorates will assess the nature of procurements, nature and gravity of non-compliance, irregularity and corruption and award ratings high risk, medium risk, and low risk as appropriate using the Stage One process and determine the procuring entities to be audited in detail and to be included in a List to be called the Yellow List. Entities included in the Yellow List and to be audited during a year through Stage Two may be classified into the following categories by individual Director General:

- a) **Category A-** Procuring entities where procurements are assessed as being highly prone to be non-compliant, sensitive and complex and where quite a large number of large-value procurement contracts , being processed through Cabinet Committee on Government Purchase , were concluded and that would require maximum skill, experience and efficiency during auditing;

- b) **Category B-** Procuring Entities where procurements were found to be complex and technical in nature and where large number of high-value procurements were approved by the minister;
- c) **Category C** – Rest of the entities included in the “List” of entities to be audited.



15. Preparation of Audit Program

Audit program and teams may be formed in consideration of the factors and situations referred at Para 14.1 and 14.2 above.

Selection of Purchases/Audit Sampling

Selection of purchases will be made following the steps noted below:

Step 1:

Some large cases of procurements will be selected from the following two categories:

1. **Large Tenders/Proposals approved:** Procurement Tenders and Proposals for Works/Goods and Services approved during audit period by Controlling Officer of the office under audit or by Authorities above him under Non-development and Development budget.
2. **Large Payments:** Procurements where total payments made by the office under audit during audit period under an individual contract were above a threshold (to be decided by DG of the Audit Directorate or an officer authorized by him) under Non-development and Development budget.

Population of Large Payments on the basis of Threshold

	Threshold/Max.	How many large payments made during audit period				Total	
		Revenue		Development		No.	Tk.
		No.	Tk.	No.	Tk.		
Works							
Goods							
Services							
Total							

- Notes:**
- 1) Threshold: one large payment means payments (up to an amount and above) made in total in a FY less than one contract.
 - 2) Size/no. of cases/population may be limited to a reasonable size, say 20 cases each for goods, works and services. This number will depend and vary on the basis of number of cases in a particular year.

For example, may be there are few cases for services, and then the threshold may be lowered to include many cases within the population.

- 3) Fix up threshold per note 2 above.

Step 2:

A) Number of contracts (say 10 contracts) will be selected following the methods mentioned below:

- i) The highest value tenders/Proposals awarded out of cases to be sorted out through Step 1(1) will be selected for audit;
- ii) The highest value procurement contract(s) awarded through extension or Repeat Order for Works/Goods/Services;¹

B) Some contracts will be selected out of cases selected per Step 1(1) through sampling say 4 contracts).

C) Some contracts will be selected through sampling out of the rest Tenders/Proposals not selected through Step 1(1) say 4 contracts).

D) Selection of cases of Payments (say 8 cases) for Goods/Works/ Services made during the audit period will be selected following the methods mentioned below:

- 1) The largest payment out of cases to be sorted out through Step 1(2) will be selected for audit;
- 2) i) Some payments will be selected out of cases selected per Step 1(2) through sampling say 3 cases);

ii) Some payments will be selected through sampling out of the remaining payments not selected through Step 1(2) say 4 cases).

Coverage in selection: Selection of cases will be adjusted in a way to include from both contracts/approvals and payments at least one case of contract/approval and one case of payment each for procurement of Works, Goods and services. This will also cover at least one case from Non-development budget .

procurement contracts made with State Agencies, Corporations etc. through single source/direct contracting/Repeat Order/Extra Work order etc for Works/Goods/Services may or may not be selected for pilot audit, as they may or may not be considered high risk ones.

Note:

- 1) Audit coverage for contract audit will usually include auditing of procurement activities from need assessment up to award of contract only. Audit coverage may , however, extend up to contract management and payments when payments exceed 40% of contract value;
- 2) Audit coverage for payment will usually cover contract management and payments only, not activities before that. Audit coverage may, however, go back to include procurement activities before contract management also in case the contract was awarded following non-competitive methods like single source, Extension of contract and Repeat Order etc.

Example of a Field Audit Program

A) 10 Contracts (made during audit period) to be audited during audit (figure in lakh Taka)

Reference		No.	Type of object procured/ to be procured Works/ Good/ Services	Procuring entity	Name of procurement	Contract no. and date	Contract Value	Name of contractor/ supplier/ consultant
	1	2	3	4	5	6	7	8
Step 2 (A-i)	The highest value tenders/ proposals selected for audit;	1	Works/ Goods/ Services					
Step 2 (A-ii)	The highest value procurement contract awarded through single source/ direct contracting/ Repeat Order/ Extra Work order etc for services;	1	Works/ Goods/ Services					

Reference		No.	Type of object procured/ to be procured Works/ Good/ Services	Procuring entity	Name of procurement	Contract no. and date	Contract Value	Name of contractor/ supplier/ consultant
Step 2 (A-iii(A))	Another four contracts selected through random sampling out of the remainder of large tenders/ proposals;	4	Works/ Goods/ Services					
Step 2 (A-iii(B))	Another four contracts selected through random sampling out of the remainder of tenders/ proposals not selected through Step 1(1).	4	Works/ Good/ Services					
	Total		10 cases of contracts/approvals to be audited					

Eight Payments (made during audit period) be audited during pilot audit (figure in Lakh Taka)

		No.	Type of object procured/to be procured	Procuring entity	Name of procurement	Contract no. and date	Total Payment made during period under audit	supplier/ consultant	Name of contractor/
	1	2	3	4	5	6	7	8	
Step 2 (B-i)	The largest payment selected for audit;	1	Works/ Good/ Services						
Step 2 (B-ii(A))	Another three payments selected through sampling from the remaining large payments.	3	Works/ Goods/ Services						

16. Planning Audit of Entities (included in “Yellow List” and Outside the List, if audit is undertaken without stage one audit)

16.1 Macro Audit at the Top most Level Determined by the Auditor General

Interim Audit Reports of Category A organizations or entities will be delivered from all individual directorates to the Auditor General who will determine (for Macro Audit) the entities or procurements to be audited under the direct supervision of his office using Stage Two modules following guidelines described in Sec 13.3 above through Special Audit Teams. These teams would consist of insourced internal experts from different directorates having expertise in specific types of procurements to be audited. Macro audit would be highly effective when a Single Focus Audit Team could be formed for detailed audit of one single procurement function like works or goods or services

(or even a specific single activity viz, construction of bridges or supply of fertilizer or services for collection of dues/fees, etc.) across different ministries.

16.2 Audit under Direct Guidance of the Director General Level

Individual Director General may decide to form single focus teams consisting of efficient auditors from across the directorate for audit of similar and specific type of procurements -viz, separately for each of works or good or services -across different organizations within his or her jurisdiction under Category B (and for Category A entities/procurements not covered under audit conducted direct at topmost level by auditor General).

16.3 Audit by Normal Audit Teams

Normal audit teams may be formed to conduct detailed audit usually as part of regular compliance audit or performance audit or financial audit using any one or more Modules 1-10 in the following entities:

- i) Entities included in Category C (and for Category A and B entities not covered by audits under Para no. 16.1 and 16.2) and
 - ii) Entities not audited under Stage One.
- 1) Auditing of procurements of one particular and similar type of works, goods and services viz. construction of roads or buildings or sub-stations or purchase of transport or medical equipment across different organizations under different ministries, through one team will facilitate larger and broader understanding of procurement practices being followed differently and diversely in different organizations. This would result in drawing a comparison of divergent and even irregular practices of same procurement rules in the audit report and enable the Auditor General to suggest policy changes across all organizations.
 - 2) Single and separate audit teams may be constituted for in-depth and effective audit of works procurements only or goods procurements only or services procurements only across many organizations within the jurisdiction of a directorate by a Director General or across many ministries by the Comptroller and Auditor General.

Part IV

Stage One Audit –A Diagnostic Tool

17 Module A

17.1 Module A: Understanding the Procurement Activities of an Organization as a whole or of all Entities under the Jurisdiction of a Circle or Zone or Division, as Applicable, within an Organization

This module, envisaged to be a top level diagnostic tool, has been designed and shaped to be completed at an appropriate level e.g. by a director, procurement or director, finance or director, supplies, where applicable, who is responsible for monitoring and overseeing the overall procurement activities within the organization. The purpose is to understand the procurement activities of an organization in broad and general perspective. The same module will be used for assessment of non-performance and non-compliance in procurements made by different procurement units within the administrative jurisdiction of an officer of the mid - level like Superintendent Engineer and equivalent and above. The questions will be issued as a Stage One process to determine whether a detailed Stage Two audit should be undertaken.

This module, however, is not required to be used as part of stage-one audit at an office headed by an officer of the rank of Superintendent Engineer or equivalent and below before the start of a regular audit by an audit team. An audit team, once they reach an entity –not being selected for detailed audit through stage one—may, however, directly use this module in part or full, as deemed necessary and include it as an integral part of their regular audit. This module will work as a guide for auditors to determine which one or two or more individual modules of stage two would fit and be appropriate during the audit of this kind of entity -which has not been selected for detailed audit through stage one process.

The responses will demonstrate whether a detailed procurement audit through Stage Two is necessary. Key considerations include the total contract-value of procurements or total value of actual procurements, the degree of procurement management, the degree of top level involvement, the value of procurement proposals approved through Cabinet Committee on Purchase, whether significant purchases appeared to be prone to corrupt practices and non-compliance.

Part A- Understanding the Management of the Public Body

	Questions	Guiding Notes
1	Is the entity a government entity, a statutory body, a local body or a government-owned company?	<p>These will enable auditor to identify what procurement rules would be relevant for the entity being audited.</p> <p>For example, Rule 36 states that when tender proposal would require approval of the ministry, tender committee would be formed by Board in cases where the organization in run by a Board, but TEC would be approved by ministry in cases where the organization is headed by Director General.</p>
2	How and under what procedures has the organizational structure particularly procurement unit been set up?	
3	Are the executive functions exercised by Director General or Chairman (of a Policy as well as executive Board) and is there a separate Policy Board?	

Part B-Financial Profile

	Questions	Guiding Notes
4	What is the total budget and expenditure for each of the last two years?	<p>a) These questions are designed to identify the over-spent items , size of procurement expenditure in comparison to total budget and to some extent the areas and size of potential risks and inconsistencies;</p> <p>b) Auditors can easily locate fields and items where large amounts have been spent, large contracts have been signed and large amounts outstanding remain to be cleared;</p> <p>c) Information received will help audit team leader to decide the audit-load to be allowed for goods or</p>
5	What is the total expenditure for procurement of goods, works and services in each of the last two years? (Annex-I)	
6	What are the areas where significant increase in expenditure happened vis-a-vis that of last year?	
7	How many procurements have been made and what amounts spent for different categories of purchases? (Annex-II)	
8	Please elaborate the procurement contracts particularly for large-value for respective category of good, works and services. (Annex-III)	

		<p>works or services procurement so that crucial and most important items may be covered given the limitations of time and human resources in audit team.</p> <p>Suggested support documents to request:</p> <p>Budget & Expenditure statements, details of procurements of large-value contracts etc.</p>
9	What efforts were made in last two years to bring better efficiency in procurement to reduce cost of procurement and achieve savings?	<p>These questions are aimed at establishing better value for money in procurement regime.</p> <p>These would demonstrate whether due care was taken, due process was followed and due level was involved while introducing changes in the operational modalities affecting new dimension in procurement.</p>
10	Are there plans to introduce changes in modes of operations to reduce cost of operations and bring savings in expenditure?	<p>These would demonstrate whether due care was taken, due process was followed and due level was involved while introducing changes in the operational modalities affecting new dimension in procurement.</p>
11	<p>a) Please elaborate the justification , analysis and premises on the basis of which decision were made to introduce new mode, technology and strategy in operations in place of previous or existing ones. How these were influenced and approved and at which level the decision for new approach approved?</p> <p>b) How far the scheme could deliver envisaged benefits?</p>	<p>Suggested support documents to request:</p> <p>Strategy papers aimed to introduce changes and Follow-up Reports.</p>

Part C-Procurement Profile

	Questions	Guiding Notes
12	Is there any unit or department in your organization dedicated for procurement only? (If separate unit exists please elaborate the structure, number of staff, functioning procedures etc.)	These would demonstrate whether same staff is engaged for procurement function as well as non-procurement function, whether sufficient staff is available in comparison to the load and complexity of procurement function.

	Questions	Guiding Notes
13	Is there a good degree of clarity regarding roles and responsibilities of procurement staff e.g. job specifications and descriptions, demarcation of duties and specific delegation, etc?	These would enable not only easy fixation of responsibility but would facilitate quick communication among insiders as well as between insiders and outsiders like contractors, auditors, monitoring authorities, as and when necessary.
14	Does the procurement system allow decentralization of budget and procurements to lower levels, districts and upazilla levels, where possible?	Delegation would facilitate quick and timely procurement and result in savings too, particularly in transportation and delivery if procurement for the items could be processed at user level.
15	Please specify number of procurements and value of procurements for each of works, goods and services-made at various levels mentioning designations of procuring entities.	
16	i) Which procuring entities could satisfactorily perform procurement functions according to Procurement Plan approved at the beginning of the year? ii) In how many cases contractors/supplier/ consultants could not perform satisfactorily? (Annex-III)	
17	Please supply particulars of large-value contractors, suppliers and service providers.	These would indicate whether some vested interests exist inside the entity and malpractices influence the procurement process. The more the entity follows OTM, the more the competitiveness in the process resulting to likelihood of savings in cost of procurement.
18	Please furnish particulars of the top ten to twenty contractors, suppliers and service providers (Annex- IV).	
19	What amount of money has been paid for procurement not executed through the open tender method? (Annex-V)	

	Questions	Guiding Notes
	Procurement Policy, Management and Monitoring (linked to module 1)	
20	Is there any senior level officer (Grade 4 or above) designated with responsibility for monitoring and overseeing the procurement functions across all procuring entities throughout the organization?	<p>These questions are designed to establish high-level involvement in overseeing the procurement function so as to bring, by and large, uniformity in implementation of rules, prevent significant deviation from the rules and help that all concerned are familiar with best options and instances across all procuring entities within the whole organization.</p> <p>Suggested support documentation to request:</p> <p>Copy of procurement policy, monitoring reports, supplier performance report etc.</p>
21	<p>a) Are regular analyses undertaken of the organization's total procurement spending?</p> <p>b) Does this involve benchmarking with the market to improve cost effectiveness?</p>	
22	Does the organization have a top level policy and strategy to detect non-compliance, take corrective measures and communicate the best practice of procurement in some units across the whole organization?	
23	Is there any endeavor at senior level to ascertain which unit could procure an item at relatively low price, communicate and use this market knowledge and power for benefit of other procuring entities across the organization?	
24	Are there intra-entities and vertical communication and sharing of procurement information and skills across the organization?	
25	Is contract management undertaken throughout the lifetime of contracts including activities such as price benchmarking and monitoring supplier performance against agreements?	
	Procurement Process	
26	How many procurements and of what value were done through direct method or limited tender?	<p>These would indicate whether management was sincere in having procurement at competitive prices and whether competitiveness was avoided for malafide purposes.</p>
27	Please give particulars including justification of procurements directly from government department, Statutory body or government companies.	

	Questions	Guiding Notes
		Note: If a government department or Statutory body or government company has been selected through single source method for delivering works/goods/ services to another public entity, the former will need to follow appropriate procurement rules including OTM for procurement of goods (raw materials /services etc) to execute delivery to the latter.
28	Is the organization using its capacity for e-procurement?	

Part D –Audit, Post Procurement Review and investigation Reports

	Questions	Guiding Notes
29	When was the last time procurement activities were audited by internal and/or external auditors?	These questions are aimed at establishing when the last audit on procurement was undertaken and the outcomes of last audit. If the last audit was conducted a few years ago, organization should be taken for audit as early as possible.
30	Was there any Post –procurement Review according to Part 8 of the PPR?	If there are indications from last audit that serious breaches of rules were unearthed and follow-up steps from the organization were inappropriate and inadequate, these are symptoms of risks in procurement process.
31	What areas were covered and what were the specific findings?	
32	Particulars of implementations of the recommendations of the audit.	Suggested supporting documentation to request: Copy of audit reports. Copy of Investigation Reports.
33	a) Are there reports of breaches of PPR and corruptions revealed either through complaint from concerned quarters or by the Media?	Auditors should consult the complaints and media reports, if considered fit and necessary,

<p>b) What measures were taken to redress the alleged breaches and corruptions?</p>	<p>and review the steps taken by management. This would enable auditors to easily identify risk-prone areas for audit and detection of weaknesses and lapses in the procurement process of the entity.</p> <p>Suggested supporting documentation to request:</p> <p>Copy of investigation reports.</p>
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17.2 Module A: Understanding the Procurement Activities of the Organization as a whole or Entities under a mid-level officer within the Organization Interpretive Notes

Once this module has been completed, the auditor should be in a position to make an assessment about the organization in broad perspective as well as to ascertain:

- i) Whether the organization is following best practice and appropriate rules during procurement process and whether no further action is necessary;
- ii) Whether a final report could be issued incorporating an action plan to be implemented by the management; or
- iii) Whether to issue an interim report suggesting detailed audit using one or two or more modules through second stage.

Questions	Notes
<p>Part A - Understanding the Management.</p>	<p>These questions are designed to establish the nature of management of an organization and relevancy of specific rules to respective organizations.</p> <p>Q.1 establish whether the organization was formed under ministerial administrative order or Statue/Law or Company Law.</p> <p>Q. 2 and Q. 3 specify the nature and name of top administrative authority—e.g. DG, Chairman, Board.</p> <p>Procurement rules have bestowed on different kinds of authority e.g. DG, Chairman, Board, rather different types and degrees of powers and responsibilities to be exercised at different stages e.g. selection of method of procurement, approval of documents, approval of tender/RFP, during procurement process .</p>

<p>Part B- Financial Profile</p>	<p>Q.4, Q.5 and Q.6 are aimed at establishing the volume of procurement expenditure as an expense item and in comparison to total budget, the increase or decrease in expenditure for different items in current year in relation to that of last year –which may highlight possible risk areas for auditors to put focus during audit plan at field level.</p> <p>Q.7 and Q.8 are designed to grasp the whole of procurement function in horizontal perspective as well as identify specific cases susceptible for audit and definite large-value procurements for intensive scrutiny and analysis. This tactics should enable auditor to identify important cases out of large mass of procurements.</p> <p>Q.9 and Q.10 reveal organizational progressive shift in strategy, dimension and modes of operations aiming at reducing cost in procurement operations on one hand and increasing efficiency and effectiveness in operations, on the other hand. These raise the issue of utilizing organizational capability and resources to cope with increased activity, risks and cost saving opportunities.</p> <p>Q.11 attempts to understand whether changes resulted from concerted and conscious organizational effort or from the undue intervention and interference of vested concerns with the motive of serving potential vested interests instead of collective interests of the organization.</p>
<p>Part C - Procurement Profile</p>	<p>These questions are aimed at establishing the size, delegation and distribution of overall procurement effort in the organization.</p> <p>Q.12, Q. 13, Q. 14, Q. 15 would demonstrate the chain of command and control, involvement of appropriate and assigned staff and engagement of procurement professionals in the procurement process. The situation when staff are non-professional, some staff are involved out-of-the way and procurement function is highly concentrated to few staff, may be indications that there would be higher risk of collusion and corruption and minimum opportunities for improving value for money (VFM).</p> <p>In a well- managed large organization, procurement would generally be performed, managed, coordinated and monitored by a group of professionals dedicated for this purpose, distributed geographically, by business unit or in category-based centers of excellence coupled with independent or separate</p>

	<p>unit for monitoring, quality testing, verification, inspection and certification . This kind of scenario would establish checks and balances, result in organization-wide cost reduction, good performance by suppliers.</p> <p>Q.16 – Q.19 help auditors to locate high-value and (potentially) high-risk areas and also provide clues to identify procurements where there might have been some collusion between insiders, contractors and suppliers resulting in biased and wrong selection of, awarding of contract and at length, non-performance of contract.</p>
<p>Policy, Management and Monitoring</p>	<p>Q.20- Q.24 are designed to establish top level e.g. DG or Board level, involvement in organization’s procurement. Involvement includes actively supporting procurement function, developing top-level procurement strategies, framing key performance indicators, monitoring compliance of Rules and ensuring accountability of subordinate procuring entities .When particulars of purchase at a low competitive rate completed in one entity are communicated horizontally and vertically across the organization, other entities can benefit from that best practice. Auditors should construct information –base to compare performances of different entities for purchase of similar items across the organization.</p> <p>Q.25 investigate the level of contract management across the organization. Contract management involves activities such as monitoring the performance of a supplier or contractor against the terms of supply or works contracts, benchmarking costs/prices.</p>
<p>Procurement Process</p>	<p>Q.26 - Q.28 are aimed to establish circumstances, expediencies and justification for direct purchase and whether due process were followed as per the Rules while opting for this method of procurement.</p> <p>For example, the auditor should examine whether appropriate attempts were made to determine the estimated value of items to be procured, whether appropriate market survey were conducted to understand comparative strengths and capabilities of government as well as private enterprises to meet the procurement needs of the procuring entity. It might appear that the same works or product or services could be procured from private enterprises through open tender at better rates, given the estimated value has been determined in an appropriate and proper manner. It might further appear that the concerned public entity did not have adequate and sufficient capacity</p>

	<p>even, at the time order for procurement through single source was placed, to deliver the works or product or services and the public entity developed necessary facilities on the eve of receiving orders from procuring entity or even after receiving orders.</p> <p>Note: Public procuring entities sometimes prefer to direct procurement from other public entities, not because that this method (and the delivering entity) would be able to deliver works/good/services in a cost-effective and efficient way. Rather the method and the entity is selected by procuring entity merely, partly to avoid delay in process of procurement and mainly to remain free from hassle that may arise out of complaints or observations from concerned quarters particularly from participating bidders. So auditors should examine the justification and process of procurement to verify and establish compliance with rules and efficiency in procurement.</p> <p>Q.28 reveals the utilization of e-procurement capacity within the organization, which may bring in more fairness and transparency in submission of bids, resulting in better competitiveness and reductions in the costs of purchase.</p>
<p>Procurement Audit, Post-procurement Review and Investigation</p>	<p>Q.29 is aimed to establish when last internal or external audit was undertaken with regard to procurement function and the outcomes of those audits. If there are indications that actions from previous audits remain outstanding and risks discovered during previous audits are still visible quick detailed audit will be recommended.</p> <p>Q.30 to Q.33 would help identify weaknesses in the system, attempts of malpractices from inside the organization and redress mechanisms within the entity.</p>

Part V

18. Stage Two Audit—Detailed Audit

General Instructions for Conducting Detailed Audit and Use of Different Modules in Stage Two Audit

a) Stage Two Audit after Stage One Audit

When detailed audit under stage two is undertaken after Stage One audit, OCAG would select, usually before commencement of Stage Two detailed audit, one or more respective modules depending on the nature and degree of non-compliance, corruption and malpractices that might have occurred in procurement function in the entity and reported in the Interim Report of stage one audit. Auditors may, however, select additional modules for auditor of further issues, if situations arising during detailed audit through previously selected modules demand this.

b) Stage Two Audit Conducted Direct – Skipping a Stage One Audit

1) Stage Two Audit may be under taken skipping Stage One Audit under, among others, the following situations:

- i) When stage one could not be initiated or conducted or findings of stage one audit could not be finalized in an entity for some reasons;
- ii) When stage one audit was not considered necessary, for being the entity too small to initiate this audit;
- iii) When audit teams are required to be mobilized to move out for field audit without waiting for stage one audit.

2) When detailed audit is undertaken directly skipping stage one audit, auditors will obtain information and papers to review some of the issues mentioned in Module-A at the outset to obtain a preliminary view of the situations occurring in procurement functions in the entity. This would, essentially, facilitate understanding of procurement functions of the entity in broader and general perspective and serve as a base-work for further audit, on the one hand and will enable auditors to decide which one or more modules to be used for detailed audit, on the other hand.

c) Questions and Issues Mentioned in Ten Modules are not Exclusive

Ten different modules have been suggested below for undertaking detailed audit of an entity. The questions and issues mentioned in modules are inclusive only, not exclusive and aimed to audit facilitations for auditors of common sense having no significant experience in procurement auditing. Further important issues and concerns may and would appear and unfold before the auditors that must be scrutinized and reviewed in addition in course of the detailed audit.

Auditors will consider the questions and issues mentioned in modules to conduct audit in detail. They may issue or raise the relevant questions, as applicable, verbally or in writing, to concerned officials of the auditee entity and/or would invariably consult and examine relevant documents to understand affairs and events pertaining to the questions included in modules and draw final conclusions and recommendations.

d) Field Worksheet

Auditors may use the worksheet per Attachment III.

e) Documents to be Available from the procuring Entity

The audit team will obtain relevant papers and documents that are required to be preserved as per Rule 43(3) by procuring entity to find out information regarding question and issues mentioned in modules, examine and analyze them, review and draw conclusions in respect of compliance, non-performance and corruption that might have occurred during procurement process.

19. Stage Two Audit: Modules 1- 10

19.1.1 Module-1: Leadership, Policy and Strategy

The questions in this module should be viewed in conjunction with the Policy/Strategy questions in Stage One Module A. This module is aimed at assessing procurement strategy and policy formulation and implementation. The questions should be aimed at the head of the procurement function and the board level director responsible for procurement. Certain questions are also worth testing on other procurement staff or stakeholders. For example, Question 6 should be asked across the organisation.

Part A-Procurement Policy Development and Implementation

SL.	Questions	Guiding Notes
1.	Does the organisation have a procurement policy/strategy covering the whole process of obtaining goods and services from third parties?	Q.1- Q. 3 These questions are designed to establish the Board-level involvement in overseeing the organisation’s procurement activity and the extent to which this is communicated using a policy document.
2.	How often is the policy/strategy reviewed and when was it last amended? If so, was the review discussed at board level?	Suggested documentation to request: Copy of procurement policy, and

	Questions	Guiding Notes
3.	Does the organisation have a sustainable procurement policy/strategy to incorporate sustainable development issues with regards to obtaining goods and services from third parties?	Copy of sustainable procurement policy.
4.	If the organisation has a Procurement Function, does it have an input into the development of the procurement policies?	Can also ask a follow up question to outline what this input was and whether it is felt that the input was/is fully reflected in the policy.
5.	What proportion of procurement spends is covered by the procurement policy?	<p>Q.5–Q.7 are focused on whether the procurement policy takes account of all of the potential influenceable spend, the organisation’s strategic suppliers and the market dynamics that influence the policy and the organisation.</p> <p>The auditor should examine the procurement policy to determine whether it covers all of the above aspects. They should also examine how the strategy is communicated to the organisation. See interpretive notes for useful references.</p>
6.	Is the whole of the organisation aware of, signed up to, and using the policy?	
7.	<p>Does the procurement policy take full account of the organisation’s:</p> <ul style="list-style-type: none"> i) key procurement requirements; ii) strategically important suppliers and their supply chains; and iii) the dynamics of the markets from which it purchases. 	
8.	Is there a formal implementation plan for the procurement policy/strategy with mechanisms to ensure it is implemented across the whole organisation?	
9.	Are the procurement process well organized and documented?	<p>Q. 8–Q. 11 is concerned with procurement policy setting and implementation within the organisation, the mechanisms for ensuring that they are followed.</p> <p>A code of ethics would cover matters such as the conduct of staff when dealing with suppliers, e.g. corporate entertainment, gifts and other inducements. It is important to communicate clearly with both internal and external stakeholders that the organisation will refuse to accept fraudulent activity</p>
10.	Is the Annual Procurement Plan prepared and duly approved?	
11.	Is there a written code of ethics covering procurement which supports the	

	Questions	Guiding Notes
	procurement policy/strategy and is there a mechanism to ensure compliance with the code?	(including bribes from suppliers). Organisations must spell out what is not acceptable and communicate this clearly so that no-one can claim ignorance as a defence.
12.	Has the organisation clearly stated corporate social responsibility policies that are implemented by the procurement function as part of its sourcing strategies?	Corporate Social Responsibility (CSR) policies would include, for example, policies regarding environmental impact and not sourcing products from suppliers involved in child labour. Supporting documentation to request: Q. 11: Code of ethics Q.12: Corporate and social responsibility statement.
13.	Does the procurement policy/strategy have a section on the use of small and medium sized enterprise (SME) suppliers? How do they ensure SME have fair access to the market place?	

Part B- The Use of Best Practice Strategies

	Questions	Guiding Notes
14.	Is the organisation collaborating with other organisations through information sharing or joint purchasing?	Q.14–Q.17 are aimed at establishing the range of best practice procurement strategies/policies implemented or at least considered by the organisation. If implemented correctly, these have the potential to reduce the prices paid for goods and services and also the cost of the procurement process itself (the admin costs).
15.	Does the procurement function employ strategic sourcing techniques? (e.g. specific strategies for individual product categories such as energy or IT)	
16.	Does the organisation have an e-Procurement	

	Questions	Guiding Notes
	strategy? If so, see additional questions at Module 10.	Q.15 Strategic sourcing techniques are particular strategies used for a particular category (e.g. print, travel, temporary staff agencies) and will specify how the goods and services would be procured, from where and specific approaches in dealing with the markets involved, number of suppliers to be taken on and contract durations.
17.	Has the organisation established shared services with other public sector organisations?	Q.16 e-Procurement encompasses elements e. g: e-Tendering.
18.	Does the organisation engage in outsourcing any of its processes, functions and services?	<p>Supporting documentation to request:</p> <p>Q.16 e-Procurement strategy</p> <p>Q.17 Shared services are where two or more organisations contract jointly for the supply of a particular service or set of services, e.g. a joint contract for the supply of web hosting services. This question is seeking to understand the degree of collaboration undertaken by the organisation.</p> <p>Q.18 Aims to understand the extent to which the organisation has considered the option of outsourcing of a part of its procurement practices. To do so requires a review of risk factors and a development of procurement policy/strategy that allows for external options.</p>

Part C-Performance Measurement and Target Setting

	Questions	Guiding Notes
19.	Is the Procurement function frequently (annually) benchmarked against purchasers in other organisations and best practice?	<p>Q.19-Q.22 are aimed at looking at performance is driven with the organisation at a strategic level in the form of annual targets.</p> <p>Q.19 ‘frequently’ ideally means annually. Benchmarking is not easy.</p> <p>When the benchmarking was carried out?</p> <p>Was it independent?</p> <p>Was the organisation able to find appropriate peer groups and what action was taken?</p>
20.	Are regular analyses undertaken of the Organisation’s total procurement expenditure to identify trends in spend, volume of suppliers and cost reduction?	See Module- 9 Part B for more detail on the use of management information to drive performance.
21.	Has the Procurement function set annual performance targets?	Q.21- Q.23 Targets may cover a range of key performance indicators.
22.	If yes to Q. 21, is Procurement management involved in the target setting?	
23.	If yes to Q. 21, has the Procurement function successfully achieved the most recent set of targets?	

19.1.2 Module-1: Leadership, Policy and Strategy– Interpretive Notes

Questions	Guiding Notes
<p>Procurement Policy Development and Implementation (Questions 1 – 13)</p>	<p>Q.1 – Q.13 A Procurement function cannot operate successfully in a policy vacuum. Both the board and senior functional management must ensure that sound, well thought thorough policies are formulated and disseminated. Without this it is unlikely that the procurement function and procurement activity across the organisation will be maximising its value for money savings potential.</p> <p>To develop a sound procurement policy/strategy requires sound analysis of the spend, the supplier base, the requirements of the organisation, a sound knowledge of the overall business strategy, its policies and an understanding of the markets in which the organisation is seeking the supply of its goods and services.</p>
<p>The use of best practice strategies (Questions 14 – 18)</p>	<p>Q.14- Q.18 These questions are designed to establish the extent to which the organisation has considered or implemented best practice strategies, in particular:</p> <ul style="list-style-type: none"> • Collaboration with other procurement functions/organisations; • Strategic sourcing techniques; • e-Procurement; • Shared services. <p>Collaboration might include the sharing of ideas, benchmarking of prices and service levels, and joining purchasing consortia arrangements; all should result in better practice and reduced costs and therefore if the answers to these questions indicate a lack of collaboration then this needs following up. Collaboration is a key driver of improved efficiency.</p> <p>The existence of outsourcing and shared servicing arrangements (which can also include purchasing consortia as well as the outsourcing of staff responsibility and/or systems to external providers) indicate an organisation that has thought through its procurement strategy and decided that it should focus its finite resources on those aspects of procurement where it has the most knowledge or that are the most critical to adding value. It is important that the rationale behind the</p>

Questions	Guiding Notes
	<p>outsourcing decision is questioned and that it will clearly lead to value for money savings rather than a reduction in service, for example.</p> <p>The use of e-Procurement tools have the potential to lead to significant savings when used correctly.</p>
<p>Performance Measurement and Target Setting (Questions 19 – 23)</p>	<p>Q.19- Q.20 It is very important for a highly effective Procurement function to be regularly (i.e. no less frequently than annually) analysing the organisation’s expenditure, particularly against budgets to assess whether cost reduction strategies have had an effect, and the organisation’s supplier base to assess whether there has been a movement in the volume and range of suppliers (probably by category). As a rule, the larger the volume of suppliers, the higher the cost to the organisation.</p> <p>Q.19 It is important that the procurement function is benchmarked against similar sized organisations on a regular basis (i.e. ideally once per year) to ensure that the function is continuously improving and wherever possible adopting “Best practice”. If this does not take place then procurement functions tend to stagnate and become stale in their thinking. It is not always easy to find benchmarking information and this may need to be developed over time through information sharing across, for example, organisations in the same sector.</p> <p>Q.20- Q. 23 It is important that the Procurement function has set realistic, measurable targets. Without targets, the function tends to become unfocused which will be reflected in its performance.</p>

19.2.1 Module-2: Procurement Management

The questions in this section should be viewed in conjunction with the Procurement Management questions in Stage One - Module A. This module is aimed at how procurement is managed within the organisation; this includes whether strategies and policies have been drawn up, how suppliers and contracts are managed, whether categories of spend are managed separately, and considers other issues such as risk, ethics and legal points. All questions should be aimed at the head of procurement together with those staff with key purchasing responsibility (i.e., head of purchasing and professional buyers if they exist, and/or staff without purchasing job titles but with significant spend responsibility). Other stakeholders (i.e. non-purchasing staff) should also be asked how they see the function being managed, to ensure that a well-rounded view is taken of the function.

Part A-Organisation, Management and Functional Roles

SL.	Questions	Guiding Notes
1.	What proportion of annual “procurement expenditure” (expenditure on goods, services and works) is managed by procurement staff?	<p>Q.1 is focused on the extent to which the organisation has a dedicated purchasing function for its non-salaried expenditure or rather takes a decentralised approach with no one individual taking specific responsibility.</p> <p>The percentage figure should ideally be relatively high (i.e. over 75 percent), but even organisations with high percentages will only deliver optimum value for money if the purchasing staff are well skilled and delivering best practice purchasing . As a general rule, the higher the percentage, the better for the organisation.</p>
2.	Is the Procurement organised along category lines?	<p>Examples of categories include: IT and telecoms, Security services, Transportation, equipment and machinery, Facilities management and property, Marketing, Fleet and Travel. Managing procurement by category is important as each category has different and unique characteristics and thus should ideally be managed differently. For larger organisations with several buyers, it makes sense for each buyer to focus on specific categories to develop a</p>

	Questions	Guiding Notes
		better understanding of the supply market, costs, etc. Even small organisations should manage in this way where possible, even if this means non-procurement staff across the organisation taking a lead on a particular category.
3.	If there is a central procurement function (or staff with specific procurement roles), how is time allocated between procurement activity, providing advice to other staff undertaking procurement and compliance testing?	There should be some basis for the allocation of the time of procurement staff with emphasis on areas of greatest need. Without this there may be duplication or some numbers of necessary activities may be ignored. Without budget being set in advance there is a risk that overspends would not be recognized. A good internal control system will ensure that checks are in place to reduce risk in procurements. A lack of post-procurement review may mean that lessons for failed process or best practices may not be identified and disseminated to others procurement staff in the organization.
4.	Are the delegation, division and delineation of functions specific and clear?	
5.	Are procurements undertaken and awards given after having necessary budgetary arrangement?	
6.	Is there a good internal control system or post-procurement review system in place?	

Part B- Procurement Process and Procedures followed in General or in a Particular Application / Tender/ RFP

SL.	Questions	Guiding Notes
7.	Were the procedures and process for preparation of procurement plan	The questions are aimed to establish the compliance of the procedures, process,

SL.	Questions	Guiding Notes
	consistent with that of the Act and PPR?	sequences, timeline, conditions and format used and followed at relevant stages of invitation, evaluation and acceptance of an Application, Tender or RFP by procuring entities with that of provisions of the Public Procurement Act and PPR 2008.
8.	Did the process of preparation of estimate, specification and TOR comply with that of PPR?	
9.	Was the Document for invitation of Application/ EOI/Tender/RFP prepared in violation of procedures mentioned in PPR?	
10.	Was the process of invitation consistent with the provisions of PPR?	
11.	Were the criteria of evaluation, procedures of evaluation mentioned in Document in compliance with the provisions of PPR?	
12.	Were the terms of contract included in Documents in conformity with the provisions of PPR?	

Part C- Legal Issues

SL.	Questions	Guiding Notes
13.	a) Does the organisation have access to in-house legal expertise in relation to procurement?	Q. 13 - Q. 15 considers how exposed the organisation is to potentially illegal procurement activity. If the organisation has little or no access to procurement related legal advice, and/or if it has recent instances of breach of the Public Procurement Rules 2008, then further, more detailed investigation is needed. Q. 13a and b: A “no” response to this question puts into question whether the organisation is potentially acting illegally without realising it.
	b) Does the organisation use its own terms and conditions when letting contracts?	

SL.	Questions	Guiding Notes
14.	Have there been any instances within the last 2 years where the Public Procurement Rules 2008 (e.g. competitive tendering) have not been followed?	It may also be vulnerable to suppliers dictating their own contractual terms and conditions which may pass too much risk to the organisation. Q. 14 and 15 Public sector bodies are required to adhere to the Public Procurement Rules 2008.
15.	a) How is compliance with the Public Procurement Rules 2008 monitored and enforced?	Q. 14 If the answer to this question is yes then we should ask if this was covered in any internal or other audit report (see module A) and request a copy of report. If it was not covered than a more detailed review is recommended to establish why such a breach occurred and whether control measures have been implemented since the breach to ensure it is not repeated in the future. It might be that through a complaint from a supplier, it transpires that the Public Procurement Rules 2008 were not followed.
	b) How aware are the procurement managers of the Public Procurement Rules 2008 and their potential to impact on their business? Is there evidence of them reviewing procedures in light of this understanding?	

Part D- Risk Management

	Questions	Guiding Notes
16.	What are the current key risks to the organisation and are any of these related to procurement activity?	Questions 7-11 are aimed at establishing the risk processes employed by the Procurement function in the management of contracts, suppliers and tendering. For example, are risks register established and maintained for each tendering exercise and for each contract? If the answers to any of these questions are
17.	Does the organisation have established formal risk management processes in-place, particularly with regard to contract management and tendering?	

SL.	Questions	Guiding Notes
		<p>negative, then more investigation is recommended as it is very important for the degree of risk to be assessed and contingency plans developed to mitigate the costs of supply failure.</p> <p>Supporting documentation to request:</p> <p>Copy of risk register and issues log.</p>
18.	Are risks managed through the life of the contract?	<p>How well documented are the risks that have been attributed to a particular contract? Without a written register, it becomes more difficult to re-evaluate all risks moving through the project in a way that ensures nothing has been missed. It also provides clarity to all people involved in the project, and supports the process of building contingency plans.</p>
19.	Have contingency plans been developed by the organisation for its procurement activity?	<p>When risks have been established, mitigating actions need to be identified and contingency plans established to counter supply chain shortages or failings. Otherwise, if major problems do occur the organisation will take longer to react, which in turn will increase costs and harm further the reputation of the organisation.</p> <p>Have suppliers been involved in establishing the risk profile and the matching mitigation strategies?</p>
20.	If the organisation is outsourcing some of its activities, has it considered the risk aspects of outsourcing?	<p>Whilst it is important to consider opportunities to outsource elements of procurement, particularly those in which the organisation has little or no knowledge, the risks must be evaluated. Many outsourcing arrangements fail to live up to expectations and there is also the risk of lack of control resulting in the organisation having less time to react to an unknown problem through poor communication. And how able is the organisation to take an outsourced service back in-house if it has lost</p>

	Questions	Guiding Notes
		the specialist skills needed to manage the service effectively?

Part E -Supplier Management

SL.	Questions	Guiding Notes
21.	Does the Procurement function operate a supplier management programme?	A Supplier Management Programme is a process driven methodology for managing suppliers effectively. It clarifies how suppliers are to be managed, including the setting of performance indicators and performance targets.
22.	a) Does the supplier management programme include a rating system linked to key performance indicators (KPIs)?	Often the output from the rating system would be core to any decisions regarding a programme reduce supplier numbers. Key Performance Indicators would be at the core of the rating of a supplier (“Vendor Rating”), and should target supplier service levels such as delivery on time in full, % rejects and number of customer complaints.
	b) Does the organisation make full appropriate use of incentives (gain-sharing, bonuses, profit-sharing) in its agreements with suppliers?	This is more relevant to more complex programmes and projects which are outside the scope of this manual.
23.	Has the organisation agreed partnership working arrangements with its key suppliers?	Where organisations are in long-term relationships with suppliers success will only be achieved by establishing programmes which hold the prospect of securing a fair risk and reward balance. The organisation and its potential suppliers should explore how best to share information on costs, risks and potential opportunities for mutual gain to help both partners to structure deals appropriate to the circumstances of individual programmes

SL.	Questions	Guiding Notes
24.	Does the Organisation examine the extent to which suppliers further down the supply chain apply best practice in their procurement?	The organisation is reducing risk of supply chain failure and increasing the chance of a more efficient (reduced cost) supply chain if it is encouraging its suppliers to apply best practice procurement to the next level down the supply chain. It may even be able to make the whole supply chain more efficient if it can proactively work with more than one level of supplier in that chain.
25.	Are long term contractual arrangements established based on open competition?	Effective supplier management should include developing partnerships with suppliers if the supply is of critical importance to the organisation. This should not however translate into a “cosy” relationship that is not challenged commercially through rigorous, transparent and timely re-tendering of the contract. Contracts should not be allowed to continue beyond their pre-agreed life.
26.	If markets are immature how does the organisation develop the market?	

Part F -Contract/ Supplier Management

SL.	Questions	Guiding Notes
27.	Are there mechanisms for monitoring the whole life cost of supply contracts?	Whole life costs are all costs incurred by the contract, both directly and indirectly, for the entirety of the contract period. The unit price of a particular product or service being delivered is only one part of the whole life cost, yet often organisations seek only to consider unit price. This narrow view can lead to seemingly commercially

SL.	Questions	Guiding Notes
		attractive contracts being awarded which is not the optimum solution in terms of whole life cost. Thus it is important to evaluate the likely whole life cost as early as possible in the procurement cycle, well before contract award.
28.	Are there mechanisms for monitoring the service performance of service and supply contracts? Is the organisation able to verify independently the performance information provided by suppliers?	Service performance is concerned with the degree to which the supplier is adhering to the contract in terms of delivery 'on time in full' (also known as 'OTIF') and quality assurance.
29.	Are long-term contracts benchmarked on a regular basis?	<p>"Regular" ideally means annually. Benchmarking should be recommended particularly when the organisation has not conducted a benchmark for several years.</p> <p>Benchmarking of long-term contracts includes a review of market prices and service levels. This will provide buyers with knowledge that can be used in dialogue with contractors to minimise the risk of value erosion over the duration of the contract caused by supplier complacency or desire to increase profit at the expense of the customer.</p> <p>Proportionality needs to be considered. The cost of benchmarking may not value for money for low value contracts.</p>

Part G -Ethics and Fraud Management

SL.	Questions	Guiding Notes
30.	Is there any additional internal written code of ethics covering procurement, besides the Code of Ethics for Public Procurement 2007?	A code of ethics would cover matters such as the conduct of staff when dealing with suppliers' e.g. corporate entertainment, gifts and other inducements. It is important to

SL.	Questions	Guiding Notes
		<p>communicate clearly with both internal and external stakeholders that the organisation will refuse to accept fraudulent activity (including bribes from suppliers).</p> <p>Organisations must spell out what is not acceptable and communicate this clearly so that staff cannot claim ignorance as a defence.</p> <p>Supporting documentation to request:</p> <p>Copy of code of ethics.</p> <p>Copy of procurement staff log of interests.</p>
31.	Are suppliers notified about ethical behaviour and the code of ethics? Are they required to list any conflicts of interest?	
32.	Is there a mechanism in place to monitor staff adherence to the code of ethics?	
33.	Have there been any breaches of the code and what management action was taken?	
34.	Is there a register of procurement staff interests?	

Part H -Sustainable Procurement Management

SL.	Questions	Guiding Notes
35.	Does the organisation have an environmental purchasing policy which it communicates to suppliers?	This policy would communicate to suppliers that the organisation is seeking to mitigate the impact of its procurement activity on the environment and is related to the Module A questions on sustainable procurement policy/strategy.

SL.	Questions	Guiding Notes
36.	Does the organisation incorporate environmental risk or impact assessments into its procurement?	
37.	Do the organisation's contracts include clauses relating to sustainable development issues?	These could be either standard or bespoke clauses and include how the environmental impacts or risks associated with the contract be reduced.

19.2.2 Module-2: Procurement Management Interpretive - Notes

Questions	Guiding Notes
<p>Organisation, Management and functional roles</p> <p>(Questions 1 – 6)</p>	<p>Q.1– Q. 6 The answers to these questions will establish whether the organisation is structured centrally or decentralised in relation to the management of its procurement function. And additionally, whether the different categories of spend are split out and managed separately.</p> <p>This is related to the questions in Module A which investigate the number of procurement staff in the central procurement function.</p> <p>If it appears that the organisation has a centralised procurement function (typically with a head of procurement and staff) and that the function is organised along category lines, it is more in line with best practice than if these characteristics are not found. Typically, a central function has more opportunity to develop strategies and adhere to standardised policies that, assuming that they have been thought through, should deliver better control, improved process efficiency and better buying practices. This is even more the case if spend has been categorised and is managed accordingly.</p> <p>That does not mean that a decentralised function per se is an inferior arrangement – but only if the decentralisation comes with very good communication between those responsible for procurement, frequent sharing of information and knowledge and a coherent set of policies and procedures that are followed by all.</p> <p>A decentralised approach can include category management, with particular staff taking responsibility for particular categories.</p>

Questions	Guiding Notes
	<p>A good decentralized approach would include delegation of powers to district officers and even upazilla level officers procure works and goods and services that may be available and executed locally with similar efficiency at cost lower than that at which it may be procured at central level.</p> <p>Non-categorisation of procurement is not ideal as it results in procurement staff being generalists across many different supply markets. Given the major variations in market dynamics, price movements etc and the need for some degree of technical knowledge relating to a product or service being procured, generalists are unlikely to deliver best value.</p> <p>Clearly, if the organisation has no staff responsible for procurement, this is a major concern as the risks are high that expenditure is not being controlled or managed effectively.</p>
<p>Legal Issues (Questions 13 -15)</p>	<p>Q.13- Q.15 consider how exposed the organisation is to potentially illegal procurement activity. If the organisation has little or no access to procurement related legal advice, and/or if it has recently breached PPR, then further, more detailed investigation is needed. Even if the interviewees are unaware of any breaches, that in it should not be interpreted as being the case. The organisation needs to be monitoring all demands on expenditure resulting in actual spend, to ensure that any contracts either awarded or executed and performed in violation of PPR are reviewed and actions taken according to Section 64 and Rule 117.</p> <p>A lack of legal support increases the risk of the organisation relying on suppliers' own terms and conditions, which may be either illegal or may pass too much risk to the customer.</p>
<p>Risk Management (Questions 10 - 14)</p>	<p>Q 10 – Q.14 considers the degree to which the organisation has considered the risks relating to its procurement activities. If the answers to any of these questions are negative, more investigation is recommended.</p> <p>Risk management is often not covered in sufficient depth – particularly for outsourcing arrangements such as purchasing consortia. Organisations must develop contingency plans to ensure that if contracts do fail, the business critical functions are not damaged or can be repaired quickly.</p>

Questions	Guiding Notes
<p>Supplier/Contract Management (Questions 21 –23)</p>	<p>Q. 21 – Q. 23 relate to how well developed are the organisation’s supplier and contract management strategies and techniques. This includes not just the management of suppliers’ performance and working in partnership with key suppliers, but also a deeper understanding and management of the second tier suppliers. The more active the organisation in managing the supply chain, the more chance it has of reacting quickly to problems or opportunities.</p> <p>Q.22 – Q.23 in particular examines whether whole life costs of contracts are considered, as opposed to unit price alone. A focus on unit price is a good indication that the organisation has an immature purchasing function. In addition, it is important to manage contract over the whole life of the contract, especially where they involve service delivery. If, for example, supplier performance is not monitored then performance may decline overtime reducing the value for money being achieved from the contract/ supplier.</p>
<p>Ethics and fraud management (Question 24 – 28)</p>	<p>Q. 24 – Q. 28 These questions consider whether the organisation has a policy or code of ethics relating to procurement besides the Code of Ethics for Public Procurement 2007. Some questions are also repeated in Module One. It is important to communicate clearly with both internal and external stakeholders that the organisation will refuse to accept fraudulent activity (including bribes from suppliers). Organisations must spell out what is not acceptable and communicate this clearly, so that staff cannot claim ignorance as a defence. A lack of code or policy, or lack of evidence that staff adheres to that code or policy, should lead to a recommendation that one be written and/or instilled into culture and staff behaviour through training and monitoring mechanisms. Every organization being different in many ways in respect of operational mechanism and delivery of services, would require a separate code of ethics to suit the unique situations, operational behaviour and culture of the organization.</p>
<p>Sustainable procurement management (Questions 29 – 31)</p>	<p>Protection of the environment should be given a high priority in all activities, including procurement.</p>

19.3.1 Module-3: Procurement Process: Procurement of Works / Goods

(Determination of Need for Procurement, Preparation of Specifications and Estimates and Preparation of Pre-Qualification / Tender Documents)

Risks, Audit Procedures and Assertions

The auditor will use all or some of the questions mentioned below, depending on the time available for the audit and the nature of works/goods procured, taking into account the risks described at the top of each part of the questions, with a view to understanding whether and where the procurement activities and process in respect of procurement of works/goods during the period under audit were not compliant and consistent with Public Procurement Act 2006 and Public Procurement Rules, 2008 and were irregular.

Note: Risks and irregularities as well as audit procedures cited below are **only examples**. The auditor may come across **other types of risks** depending on the specific type of procurement activities passed through by an individual entity or authority. Auditors may have to adopt and undertake **additional audit procedures suitable and appropriate under a specific situation to establish risk and irregularities**.

Guidance on Sample Selection for Module 3

The majority of the questions in this Module are sample tests. Auditors should follow the guidance on sampling at paragraph 6.3 of Part I of this manual.

Complete the steps in Part C if any of the sample items selected included pre-qualification stage in the procurement process, but if no pre-qualification cases were selected in the sample, draw a separate sample of pre-qualifications (the auditor will need to ask for a separate list of pre-qualification procurements in the period being audited).

Part A: Procurement Plan and Need assessment

	Some Possible Risks / Irregularities	Audit Procedures
a	Works/Goods were not necessary at all or not required to the extent contracted, leading to inefficient stockpiling of inventory/stock, obsolescence and expiry of useful life (Regularity, Accuracy, Occurrence)	Ascertain whether works/goods procured or to be procured were necessary at all or in full or in part. Review stock to ascertain whether previous stock would remain unused for long time to turn these obsolete and whether new goods procured would become obsolete because of excess receipts (Regularity, Accuracy, Occurrence).

	Some Possible Risks / Irregularities	Audit Procedures
b	Procurement completed much ahead of actual need, resulting in block of capital, wastage through long time stock, pilferage, stock management cost that could be avoided (Regularity, Accuracy)	Ascertain whether Works/Goods procured or to be procured were necessary for the period for which procurement was or would be made (Regularity, Accuracy).
c	Supply received but was installed only some months before expiry of warranty or even was not installed and commissioned before expiry of warranty (Regularity, Accuracy, Occurrence)	Ascertain whether equipment, goods were installed in time to match warranty period (Regularity, Accuracy, Occurrence).
d	Incorrect categorization of object of procurement as works or goods or services to enable a particular party to win the procurement award.	Review whether categorization of procurement as Works or Goods or Services was correct and proper.

	Questions	Guiding Notes
1.	Was the categorization of procurement as Works or Goods or Services was correct and proper per provisions of PPR?	Categorization is the primary and preliminary requirement in procurement process. Determination of method of procurement, selection of STDs/ SRFPs etc will quite depend on decision regarding whether the object of procurement will be Works or Goods or Services.
2.	Was one kind of object (say Goods) categorized willingly or unintentionally as another category (say Works or services)?	
3.	Were the Total Procurement plan and Annual Procurement Plan, as applicable, prepared in an appropriate manner per Public Procurement Rule 16?	Procurement plan shall be prepared separately for Goods, Works and Services in formats prescribed in Schedule 5 Parts –A, , to D and approved by Head of Procurement, Entity (HOPE) or an officer authorized by HOPE. A well prepared annual procurement plan will help an entity to initiate process of procurement and finish the deal on time,

	Questions	Guiding Notes
		which in turn ensures timely completion of a project or an activity. An examination of implementation of the Annual Procurement Plan shall expose success or failure in procurement functions of an entity.
4.	Was the requirement for procurement properly assessed?	The auditor will verify: What procedures have been set to determine the need, in respect of both quality and quantity?
5.	Was the requisition for procurement duly initiated and approved?	What frequency or intervals have been set for replenishment of stocks?
6.	Were the changes in technology and operations based on an appropriate assessment?	What is the due process for preparing, submitting a requisition and who would approve the requisition?
7.	Was the quantity for goods/works accurately scheduled and phased?	Were the set procedures followed or skipped or twisted?
8.	What are the ceilings for imprests and stores and are the procurement requirement assessed in consideration of that?	Suggested documentation to request: List of major procurements; Copy of approved procedures; Relevant approval orders for ceilings; Approval for requisition.

Part B - Method of Procurement, Preparation of Specifications and Estimate

	Some Possible Risks/ Irregularities	Audit Procedures
a	Inappropriate method used for procurement; (Regularity, Accuracy)	Review the circumstances in consideration of which a specific method—particularly non-competitive methods—was selected for procurement to assess the justification for selection of the method. (Regularity, Accuracy)
b	An inappropriate Method is used for procurements of value above or below the threshold prescribed in PPR 2008; (Regularity, Accuracy)	Ascertain whether selected method is correct per threshold set in the schedule of PPR 2008. (Regularity, Accuracy)
c	Situations and circumstance not fit and proper to justify selection of a particular method of procurement; (Regularity, Accuracy)	Review the situation to understand the genuineness of justification for selection of a particular method. (Regularity, Accuracy)
d	Method of procurement used is different from that mentioned in the approved Annual Procurement Plan; (Regularity, Accuracy)	Compare the method included in Annual Procurement Plan with that selected actually. (Regularity, Accuracy)
e	Biased and restrictive specification prepared to restrict competitiveness and facilitate some few selected parties to be able to participate only and become responsive; (Regularity, accuracy and completeness)	Understand whether the specification was prepared following appropriate steps and process according to stipulations prescribed in PPR so as to facilitate wide completion where applicable. (Regularity, accuracy and completeness)
f	Faulty or incorrect specification that may involve comparatively higher cost of procurement. (Regularity, accuracy and completeness)	Ascertain the accuracy, compatibility, adequacy and completeness of specifications. (Regularity, accuracy and completeness)
g	Faulty specification for which the object could never come into use;	
h	Too high quality and powerful specifications prepared for equipment	

	Some Possible Risks / Irregularities	Audit Procedures
	which will generate too many or much output to be consumed by the overall system of production or operations; (Regularity, accuracy)	
i	Purchase at higher price because only few could participate in tender due to restrictive specifications; (Regularity, accuracy and completeness)	Ascertain reasons and situations for which competition was limited. (Regularity, accuracy and completeness)
j	Higher estimate may be made that may result in selection of a tenderer at higher price; (Regularity, accuracy and completeness).	Review the estimation process to understand compliance with PPR 2008. (Regularity, accuracy and completeness)

	Questions	Guiding Notes
9	Did the procuring entity select appropriate procurement method for procurement of goods and works according to procedures mentioned in Chapter Four of PPR?	Inconsistency, if any, between annual procurement plan and invitation of tender/proposal in respect of type of procurement must be verified by the auditor.
10	Did the selected method ensure competition and transparency and were the reasons for selecting a method other than OTM recorded in writing per Rule 62(1)?	Auditors shall verify the reasons for selecting a method other than OTM and should arrive at their conclusion offering analysis and clarification regarding whether the reasons or justifications were appropriate, sufficient and consistent with that mentioned in PPR to justify selection of a method other than OTM.
11	Would national or international tender have been appropriate method of procurement according to Sec 33 of the Act?	Situations arising because of delay by an entity cannot be used to justify selection of Limited Tendering Method according to Rule 63(1-c). Auditors will review the reasons and
12	Were the circumstances appropriate and sufficient enough to justify selection of Limited Tendering Method according to	

	Rule 63(1) and 63(2) or Two-stage Method under Rule 65 or Request for Quotation Method under Rule 69 or Direct Procurement Method under Rule 76?	circumstances in consideration of which (to be recorded by entity as per Rule 62(1) the procuring entity selected some method of procurement other than OTM.
13	Were the process, procedures and stages mentioned in Schedule III Part C followed for Limited Tendering Method, Part D for Two-Stage Tendering Method, Part E for Request for Quotation Method and Part F for Direct Procurement Method under Rule 62(2)?	When Works/Goods of expected quality, standard and quantity cannot be procured following national procurement process, procuring entity shall follow international competition process per provisions in Rules 90, 83 and others.
14	Did the procuring entity consider all the issues under Rule 15(2) while determining the method of procurement for procurement of Goods?	
15	Was the Request for Quotation Method used in an appropriate way?	According to Rule 69(3) approval from HOPE or authorized officer would be required if the method was not included in the Annual Procurement Plan for that said object of procurement. Procuring entity cannot use this method to either bypass more competitive methods or split large potential contracts into smaller ones solely to allow the use of this method.
16	Was the procurement method selected after approval from Head of Procurement in the Entity (HOPE) or authorized officer, where applicable?	Limited Tendering Method be used with the approval of HOPE or an officer authorized by HOPE per Rule 63(4).
17	Were the specifications particularly technical specifications and particular conditions of contract restrictive and discriminatory to disallow or disturb wide participation and competition?	Per the PPR, competition should be allowed.
18	Were the specifications prepared	i) According to sequence of activities shown in

	according to Rule 29?	Schedule III of PPR specifications must be approved before preparation of cost estimates.
19	Were the specification determined in violation of Rule 29(3) and (4)?	ii) This is a very pivotal issue. A biased or restrictive specification may be set to provide undue advantage to certain tenderer/consultant, on the one hand and drive out others, on the other hand , turning their offers to become non-responsive. The net result will be procurement at non-competitive price and higher price.
20	i) What are approved internal processes and committees set for determination of specifications and terms of reference for works/good? ii) Has the approved process been followed to finalize specifications?	
21	Did the procuring entity calculate the price-estimate accurately?	Procedures for preparation of estimate of value of a tender and level of authority fixed for approval of estimates do exist in an entity.
22	Were the appropriate processes of estimation followed?	Proper estimation is very crucial since this is used as a basis by Evaluation Committee to compare whether quoted price is reasonable and acceptable and this influences the decision of Evaluation Committee in this respect under Rule 33(2-b) subject to provision of Rule 33(3).
23	Was the estimate approved by competent authority per Rule-15(2)(b)?	Auditor will check the discrepancy in estimate shown in Annual Procurement Plan in comparison to that approved under Rule - 25(2-b).
24	Were all the items included for preparing estimate?	Collusion may occur at the time of billing to fix rate for items not included in the estimate/tender schedule.
25	Was there any front loading while making the estimate?	Estimate will become faulty if excess weight is given, for example, in construction for completing initial or first stages of work
	This is a crucial stage in procurement process. Manipulation may occur at this stage particularly in preparation of specifications to debar potential tenderers from participation or to become responsive.	

Part C-Pre-qualification Procedure/Enlistment Process

	Some Possible Risks / Irregularities	Audit Procedures
a	Biased criteria and qualification requirements etc set to drive away some potential Persons so as to limit and allow few favored Persons/parties to participate in the next stage of procurement process (Regularity, accuracy and completeness).	Review the Process and Document to ascertain whether the process was discriminatory and restrictive (Regularity, accuracy and completeness).
b	Select an incompetent Applicant through faulty or biased evaluation and assessment of Applications (Regularity, accuracy).	Review the evaluation process (Regularity, accuracy).
c	Not maintaining List by types of procurements and not updating List of Enlistment every year (Regularity and occurrence).	Ascertain whether Enlistment List was updated according to PPR 2008(Regularity and occurrence).

	Questions	Guiding Notes
26	Was the pre-qualification process admissible under Rule 91?	Procuring entity may undertake Pre-Qualification for large and complex procurement valued, for example, above Tk. 35 crore for construction Works, above Tk. 35 crore for Management contract, above Tk. 15 crores for Supply and installation of plant and equipment subject to the approval of HOPE per Rule 91(1).
27	Were pre-qualification documents prepared following Rule 48, 49 and 51?	Mandatory requirements for qualification must be clearly spelled out in Tender Documents. Procuring entity must include in Tender Documents the information and particulars of evidence that an Applicant must submit along with Application to demonstrate professional and technical capacity, legal capacity and

	Questions	Guiding Notes
		financial capacity to complete the work or supply or services.
28	Were the steps taken appropriate and timely under Rule 91?	Applicants are allowed minimum 21 days to prepare Applications as per Rule 91(4). Pre-Qualification Documents must remain ready by the date advertisement is published. Documents are prepared using STDs like PQG issued by CPTU per Rule 91(13).
29	Were the experiences and financial capability of sub-contractor added to those of the Applicant?	The general experience and financial capability of sub-contractor shall not be added to those of Applicant per Rule 93(7).
30	Was the evaluation of Applications for Pre-Qualification conducted in appropriate manner per Rule 93?	Applications for prequalification be evaluated on pass or fail basis and all Applicants who passed the Qualification requirements shall be included in the list. Changes in structure or formation of an Applicant may be admissible subject to conditions under Rule 93.
31	Was appropriate Standard Pre-Qualification Document (SPD) used for inviting applications for Pre-qualification under Rule 91(13)?	Standard Documents for Pre-qualifications (SPD) are PQG for Goods and related Services, PQW-4 and PQW-6 for Works and physical services mentioned in Schedule- I.
32	Were the Lists of Qualified Potential Suppliers or Contractors prepared and maintained following Rule 52?	<ul style="list-style-type: none"> i) List be prepared by an Enlistment Committee consisting of three members one of whom must be from outside the procuring Entity (Rule 52(3)); ii) List be approved by HOPE or an officer authorized by HOPE; iii) Lists be maintained by types of supply or works and updated every year to add new persons or upgrade or downgrade persons.

Part D- Preparation of tender documents

	Some Possible Risks / Irregularities	Audit Procedures
a	Tender documents particularly specifications and special conditions may be biased and restrictive, incomplete, ambiguous and self-contradictory; (Regularity, accuracy and completeness)	Review the Process and Document to ascertain whether the process was discriminatory and restrictive. (Regularity, accuracy and completeness).
b	Tender documents may not be approved at appropriate level; (Regularity)	Ascertain whether Documents were approved at appropriate level (Regularity).
c	Not following sequence of steps mentioned in Schedule 3; (Regularity, accuracy and completeness)	Review the steps followed (Regularity, accuracy and completeness).
d	Appropriate STDs may not be used for preparation of Documents; (Regularity, accuracy and completeness)	Review the sequence, contents, criteria etc per STDs (Regularity, accuracy and completeness).

	Questions	Guiding Notes
33	Was the value of services included in a tender for Goods or Works covered by threshold prescribed in PPR?	Rules 2 (27), (59) set value-ceiling for inclusion of services in tender for works and goods.
34	Was provision for retention money appropriate per Rule 28?	Retention money will be deducted from contractor's bill until completion of the Works or delivery @ 10% in case of procurement valued up to two crores under OTM. No retention money is necessary if no advance has been paid and PG @ 10 % has been obtained.

35	Was domestic preference allowed according to Section 33 and Rule 83?	Domestic preference may be allowed up to max.15% of delivered price for Goods and max.7.5% of contract price for Works subject to conditions that tenderers and suppliers must fulfill the requirements prescribed in Rule 83 to get domestic preference and Guidance Notes and Instructions on Domestic Preference shall be included in STDs for international competitive Tendering.
36	Were the documents comprehensive, non-restrictive, non-discriminatory and transparent?	Procuring entities must prepare tender documents in a way that would include instructions and particulars in respect of matters mentioned in Rule 4 to deliver clear message and information so as to enable correct preparation of a tender or proposal. Applications/Tender Documents must be non-restrictive and non-discriminatory except under circumstances mentioned in Rule 47. This is essential to receive sufficient number of responsive tenders as well as to ensure transparency enough to deter necessity of too many clarifications after issue of tender documents. An incomplete and ambiguous tender document may create scope for corrupt, fraudulent, collusive practices which are punishable under Section 64 of the Act.
37	Were the documents prepared using appropriate STDs?	
38	Was the tender document revised after publication of tender notice to give undue favour to any party?	Sometimes tender documents may be revised to allow and suit the purpose of a particular Applicant/Tenderer/ Supplier or even to limit the scope of completion.
39	Were the procedures and process set in Rule 61 and Schedule III Part B followed in Open Tender Method?	The documents must be based on STDs and SRFPs mentioned in Rule 4(1) with necessary adjustments to change or include provisions to enable procurement of an object.
40	Were the bidding documents for re-tender reconstructed and finalized with due care according to Rule 34?	Before inviting new Tenders, Quotations or Proposals after rejection of all Tenders, Quotations or Proposals Procuring entity shall reassess the official estimate or budget or both and consider revising the Conditions of Contract, design and specifications or scope of Contract or a combination of some or all these factors .

41	Were the Application / Pre-Qualification/ Enlistment/ Tender/ Request for Quotation Documents prepared and approved by competent authority?	Appropriate expertise is needed to ensure that such documents are drafted properly.
42	Were the appropriate Standard Tender Documents (STDs)/ Standard Document for Request for Quotation (SRFQ) etc used while preparing bidding documents?	Pre-Qualifications, Tender Documents shall be prepared by Procuring Entities per Rule 4 following STDs like PG1 (SRFQ), PQG,PG(STD), PW5(STD), etc issued by CPTU, IMED.
43	Were the necessary documents and supporting papers asked to be submitted to establish eligibility of Persons in respect of professional, technical and financial capacity per Rule 49(1)?	
44	Were the criteria to be taken into account for assessment of qualification and eligibility of Applicant, Tenderer clearly mentioned in relevant Documents?	Procuring entity cannot use any criteria other than that mentioned in Documents while assessing the eligibility of the Person.
This part is critical since restrictive or biased tender document may be prepared to enable some person to become qualified, responsive and to turn others disqualified and non-responsive.		

19.3.2 Module-3: Procurement Process –Works/ Goods

(Determination of Need for Procurement, Preparation of Specifications and Estimates and Preparation of Pre-Qualification / Tender Documents) - Interpretive Notes for Module 3

Questions	Guiding Notes
<p>Part A: Procurement Plan and Need assessment</p> <p>(Questions 1 – 8 on pages 69 to 73)</p>	<p>Q.1–Q.8 are aimed to establish the process of determination of procurement need and find out the errors and irregularities in this process.</p> <p>Excess requirements placed by users in excess of actual need or over procurements in excess of requisition by procuring staff would result in piling of stocks becoming obsolete or unusable or even unable to be used within warranty period. It may happen that procurements, particularly goods procurement have not been properly phased in relation to completion of construction. If Goods like equipment for hospitals or education institutions are procured much ahead of completion of building, goods may remain uncared due to lack of space and become damaged or may not be commissioned and operationalized within warranty period even. This usually happens when a procuring officer desires to finish purchases for malafide intentions within the posting tenure and before transfer to other places.</p> <p>Auditors may verify inventory to ascertain whether abnormal stocks remain unused for a long time. Sometimes one procuring entity may procure objects in so large number and quantities with malafide intention that cannot be utilized and consumed in 20 years -- by that time the objects may become obsolete and unusable because of either change of technology or change of curricula or need of the users or the need was over-assessed, as the case may be. Such huge procurement happens when procuring officials establish liaison with contractor or supplier and derives benefits from over-supply or over-work from suppliers and contractors. It happened in one organization that priced-books were printed in so large numbers out of own fund that it would take 20 years to consume books by students by which time the curricula will change and lots of money and space would remain blocked for many years.</p>

	<p>Equipment etc procured for hospitals, schools and offices well ahead before completion of construction of buildings sometimes to avoid lapse of budget or spend money before transfer of incumbent procuring officer.</p> <p>Equipment may sometimes be not procured in time for which completed facilities remain unutilized for long time. This may happen sometimes because of lack of coordination between Engineering Department and user/ Goods procuring entity or lack of efficiency of procuring entity.</p>
<p>Part B- Method of procurement, Preparation of specifications and estimate and formation of TOC/ TEC</p> <p>Questions 9-25 on pages 73 to 76</p>	<p>Q.9 - Q. 25 This part is very important. Because vested interests will try to influence the process at this stage to manipulate specification so as to derive comparative advantage in both technical and financial offer over other potential competitors. This part is designed to lead auditors to review the process and mechanism followed to establish specifications to be included in a Document issued to Applicants, Tenderers, and Suppliers. Examination of process, justification and papers referred in questions at this stage would help find out whether incorrect, over-sufficient, biased or restrictive at length resulting in inefficient, costly and supply-driven procurement.</p> <p>Sometimes supply-driven specifications of some equipment may be prepared to fulfill the interest of suppliers in which case either the equipment will not serve the purpose or the equipment is so large or powerful that the outputs will be too many to be consumed by the overall system of procurement. In that case the equipment remains underutilized. Auditor shall review whether any large –value equipment remain underutilized for determining an over-specification.</p> <p>Q.9 - Q.12 are aimed to understand the situations considered, steps, sequence, process and procedures followed by procuring entities for selection of methods of procurement and for preparation of Documents. These questions will guide auditors to locate loopholes, non-compliance, irregularities taking place and committed during the process and to assess genuineness of situations considered by entities for selection of a particular method of procurement.</p>

The procuring entity should take into account various matters e.g. urgency of procurement, capacity of local supplier, market conditions, etc and shall choose particular method of procurement on the basis of proper analysis of the relevant matters. Usually a procuring entity shall use OTM for procurement. If, however, analysis of points referred in Rule 15(2) suggests a method other than OTM as a suitable option, procuring entity may select the particular method. Result of analysis must be recorded as per Rule 62(1) to substantiate justification for not opting for OTM. For example analysis of local market condition will demonstrate the capacity of local market and industry to meet the requirement of procuring entity and will serve as a basis for choosing national or international competition. If for example, analysis suggests that particular goods are required without delay, the best option for a procuring entity will not be OTM, rather LTM or DPM, as the case may be.

Q.9 and Q.10 will enable auditors to understand and analyze circumstances and conclude whether selected method of procurement was covered by relevant Rules, whether the particular method was opted to avoid competition or to favor some vested quarter/tenderer /supplier to win the tender.

While reviewing the process and reasons under which a specific method of procurement was selected, it may appear to auditor that an inappropriate method was selected by a procuring entity because of incorrect or incomplete assessment of situations. Or it might be that reasoning were framed having malafide intention in mind to avoid competition and provide benefit to certain quarter through LTM or DPM.

Q.13 stages mentioned in Schedule III have been designed so that procuring entity makes correct assessment of market situations, survey of agencies eligible and competent to execute works/supply/ services needed. The stages if followed properly may help avoid selection of a method other than OTM. Examination of steps taken by procuring entity may reveal that an inappropriate method was selected as a result of not following required stages in sequence and that resulted limited competition and non-competitive price.

	<p>Q.15- procurements may be made through Request For Quotation Method (RFQM) for Works valued up to Tk. 10 Lac. under Development Budget per Rule 69(1) and (6) subject to a maximum of Tk. 40 Lac. in a year. Procurements may be made through RFQM for Works valued up to Tk. 5 Lac. under Revenue Budget per Rule 69(1) and (6) subject to a maximum of Tk. 20 Lac. in a year. Value of Procurement of Goods needs to be limited up to threshold prescribed similarly for procurement of Goods.</p> <p>Q.21 and Q.22 price estimate may be fixed high in collusion with tenderers and procurements may be made at high rates in comparison to existing market rates. Different entities like Public Works Department (PWD), Roads & Highways Department (R&H), Local Government Engineering Department (LGED), RAJUK, City Corporations etc prepare individually and separately estimate for similar items e.g. items for construction of building, earth filling etc. Auditor may cross check both estimates and order-price of same or similar items of different procuring entities to draw a comparison and form a conclusion.</p>
<p>Part C- Pre-qualification Procedure/ Enlistment Process</p> <p>Questions 26-32 on pages 76 to 78</p>	<p>Q.26 - Q.32 will guide audit process to understand the procedures of Pre-Qualification and Enlistment and establish the compliance firstly with provisions of PPR with that included in Documents issued to Applicants and secondly with the process of evaluation set in Documents with that followed actually during evaluation.</p> <p>Q.28 Applicants be allowed minimum of 21 days to prepare Applications per Rule 91(4). Pre-Qualification Documents must remain ready by the date advertisement is published. Total Procurement Plan/Annual Procurement Plan involving procurement valued Tk. one crore or above for works and goods, Tk. fifty Lac. or above for physical services and intellectual and professional services be published in CPTU website under Rule 16(11).</p> <p>Q.30 TEC shall use only the conditions, criteria and requirements included and set in Pre-Qualification Document to evaluate the qualification of Applicants per Rule 93. TEC cannot use a criteria or condition etc not defined or kept in document for evaluation. Usually some members of TEC try to introduce a new criteria etc during evaluation process with malicious intentions to either qualify or</p>

	<p>disqualify an application—in the former case to favor an Applicant and in the latter case to drive away a potential applicant from the competition process having aim to help another particular applicant gain a contract at length.</p> <p>A minimum of 3 applicants need to become qualified per Rule 93(9) and if the minimum number is not available, the procuring entity may, per Rule 93(11), after thorough review of Pre-Qualification Document and introducing necessary amendments, re-advertise per Rule 90 with the approval of the Head of Procuring Entity (HOPE).</p> <p>Applications for Pre-Qualification be invited following format and descriptions shown in Part –(2) and (4) of Schedule 10.</p>
<p>Part D- Preparation of tender documents</p> <p>Questions 33 – 44 on pages 78 to 78</p>	<p>Q.42 Documents must be prepared following relevant standard documents as shown in Schedule I under Rule 4(1) and should include information and particulars mentioned in Rule 4 (2). Unless documents are clear, comprehensive and non-restrictive, so many clarifications will be needed after the issue of documents and some or all tenders/proposals etc may be submitted incomplete and inconsistent for which they would turn out to be non-responsive. As a result either retendering will be necessary or only few tenders/ proposals may become responsive leading to acceptance of a higher price of procurement out of the few responsive competitors. Auditors should carefully check this part of the tender process to conclude whether :</p> <ul style="list-style-type: none"> i) documents were prepared appropriately to get best price offer from wide competition ; ii) procuring entity has prepared documents in a faulty or restrictive way - <ul style="list-style-type: none"> a) to discourage or debar potential persons to participate; b) to create scope for manipulation during evaluation ; c) to avoid appropriate test, standard etc to be used to ensure quality performance from contractors/suppliers as per Rule 4(4); and / or d) to allow contractor/supplier/consultant to take undue

advantage in quality , quantity and billing during execution of contract .

Q.44 The procuring entity must clearly mention the criteria per Rule 18(2) so that potential bidders/suppliers etc are well aware and able to assess their stand, status and eligibility and submit necessary papers and information along with the application, tender to become responsive. Introduction of any new or additional criteria at evaluation stage or approval stage or at any stage after opening of application or tender, not mentioned in documents, will be a clear violation of Rule 18(2), unfair and unacceptable. This kind of new introduction, if done, is malicious and aimed at either turning some Person non-responsive or turning someone responsive with ultimate intention to favour some particular party.

19.4.1 Module 4: Procurement Process: Procurement of Works/Goods

(Auditing Publicity and Invitation of Tender, Tender Opening, Tender Evaluation, Awarding Process and Approval of Tender)

Risks, Audit Procedures and Assertions

Auditor will use all or some of the questions mentioned below, depending on the time available for audit and the nature of works/goods procured, taking into view the risks described at the top of each part of the questions with a view to understanding whether and where the procurement activities and process in respect of procurement of works/goods during the period under audit were not compliant and consistent with PPR 2008 and were irregular.

(Note: Risks and irregularities as well as audit procedures cited below are only examples. Auditor may come across other types of risks depending on the specific type of procurement activities passed through by an individual entity or authority. Auditors may have to adopt and undertake additional audit procedures suitable and appropriate under a specific situation to establish risk and irregularities.)

Guidance on Sample Selection for Module 4

The majority of the questions in this Module are sample tests. Auditors should follow the guidance on sampling at paragraph 6.3 of Part I of this manual.

Part A: Publicity and invitation of tender

	Some Possible Risks / Irregularities	Audit Procedures
a	Advertisement was published in a low circulation newspaper or even may be that the copies of papers where shown to be published are fictitious copies only;	Check whether advertisements are fictitious or genuine. Further review the standard and circulation level of concerned newspaper to ascertain compliance with type of newspapers prescribed in PPR 2008.
b	Publicity was not given through CPTU website or Procuring Entity's website, as applicable as per Rule 90(2-h and i);	Check the steps to verify the type of publicity in relation to that prescribed in PPR 2008.
c	Documents were not available timely to Persons and the latter did not have enough time for preparation and submission of Application/Tender.	Ascertain dates of issuance of documents to tenderers to verify whether sufficient time was allowed to tenderers for preparation of tenders.

Questions		Guiding Notes
1	Was the advertisement circulated and publicity made in accordance with proper procedure and manner?	Advertisement must be made following processes specified in Rule 90 and Section 40.
2	Was the advertisement published in CPTU's website and Procuring Entity's website, where applicable under Rule 90 (2)?	
3	Was the publicity format and text used appropriate?	Advertisement must be made using specific format and text [Schedule X-for Invitation for Enlistment Part A to be used, for Invitation for Pre-Qualification, Part B or C, for Invitation for Tender].
4	Was the APP published in notice board, departmental website and CPTU website, as applicable under Rule 16?	This question is aimed at establishing whether potential persons were able to become aware of the objects to be procured well ahead so as to remain prepared for participation in time. This publication ensures proper competition and exposes the yearly procurement activities into the public for which the entity finds it difficult to hide something in the middle of the year.
5	Was timely and equal access to documents and information provided to all candidates-Applicants / Tenderers?	Documents must be ready for issue or sale to interested Applicants and Tenderers as per Rule 90(2-CHA) and 94(1).
6	Was minimum time allowed for preparation and submission of	

	Application under Rule 91(4), for tender under Rule 61(4) for procurement of goods and execution of works subject to provisions set in Rule 61(5)?	
7	Was minimum time allowed for preparation and submission of tender under Rule 63 for procurement of goods and execution of works using Limited Tendering Method (LTM)?	Tenderers are allowed minimum 14 days for submission of tender in case of new tender, 7 days in case of re-tender and under situations covered by Rule 63(KHA and GHA). However, below 7 days in case of procurements after national disaster with the approval of HOPE.
8	Did the entity keep records of Persons to whom Documents have been issued or sold under Rule 94(6)?	Auditor will verify these vis-a-vis the particulars of Persons who submitted Application/Tender/ Proposal.

Part B- TOC/TEC formation, Tender opening and evaluation

	Some Possible Risks / Irregularities	Audit Procedures
a	Formation of Committee after opening of tender/proposal or change of Tender Opening Committee (TOC)/Tender Evaluating Committee (TEC) in violation of provisions of PPR 2008 to influence tender/proposal opening and evaluation;	Verify time and procedures of formation of TOC/TEC to understand compliance and intention of relevant authorities
b	Change of TEC/TOC in the middle of tender processing to bring result of evaluation if favour of vested quarters;	
c	Improper or incorrect evaluation willingly or unwillingly to either turn a responsive tender/proposal into a non-responsive one or vice versa;	Review procedures of evaluation to ascertain compliance and find out irregularities

	Some Possible Risks / Irregularities	Audit Procedures
d	Evaluation on the basis of some criteria not specified in Tender Documents with ill motive to turn a non – responsive tender into responsive or turn a responsive tender into non-responsive;	
e	Accepting clarifications from tenderers violating Sub-Rule 98(8) and (9) to turn a non-responsive tender to become responsive;	Review the time, occasions and process of accepting clarification
f	Change or missing of papers after submission of tender;	Check the process of opening to ascertain reasons and issues regarding missing of papers
g	Abnormal delay in evaluation to put pressure on unyielding TEC/Procurement Evaluation Committee (PEC) members or to establish under-the-surface communication with tenderer and also resulting in expiry of validity of tender;	Ascertain the reasons behind delay which will offer clue to unearth irregularities
h	Front loading in price offer.	Review the effects of front loading

Questions		Guiding Notes
Opening		
9	Was the Tender Opening Committee (TOC) formed in appropriate manner?	TOC be formed with 3 members under Rule 7. Tenders will be opened following processes under Rule 97 and steps mentioned in Schedule 4 Part D subject to conditions and limitations that Technical Offer and Financial Offer will remained sealed and tender prices cannot be read out for One Stage Two Envelope Method introduced via Rule 68(GHA) as per amendment of PPR on 27 March 2011.
10	Was the opening process conducted in accordance with	Tenders should be opened following conditions mentioned in Rule 97. Steps for tender opening as described in Part

Questions		Guiding Notes
	proper procedure?	GHA of Schedule 4 be followed.
TEC Formation		
11	Was the Tender Evaluation Committee (TEC) formed in appropriate manner and in appropriate time before submission of tender or proposal according to Rule 8 and 9?	Rule 8 and 9 has set procedures and guidelines for formation of TEC. TEC/PEC must be formed before submission of tender/proposal- Rule 8(1). Approving authority shall form the Evaluation Committee. However, Evaluation Committee will be formed under Rule 8(3) with the approval of the Chairperson of the Board when the tender/proposal would be approved by the Board and with the approval of the Secretary of the Division or Ministry, when tender/proposal would be approved by the Ministry or be processed through the CCGP.
12	Was the TEC /PEC formed after approval of competent authority under Rule 8(3)?	
13	Was the Technical-sub Committee formed in appropriate manner by competent authority under Rule 8(14)?	
14	Were the external members included per Rule 9?	External members are the ones who are outside the control of procuring entity or approving authority (except under situations per Rule 9(2)) and are included to ensure impartial and neutral evaluation free from the influence of procuring entity and approving authority. Verify whether the inclusion of external members was done in any way to influence the process of TEC/PEC by authority that formed the committee.
15	Were members changed in appropriate manner for appropriate reasons under Rule 8(11)?	The appropriate authority which constituted the TEC/PEC is authorized to remove a member of committee on reasonable grounds including grounds mentioned in Rule 8(11).

Questions		Guiding Notes
Responsiveness and Evaluation of Tender/Proposal		
16	Were minimum qualification requirements and formation of JVCA examined by evaluation committee set in Prequalification/Tender/RFP documents as per Rule 54?	
17	Were tender Documents sold and Pre-tender meetings held according to Rule 94?	Procuring entity shall follow procedures that are required to be followed per Rule 94 when pre-tender meeting is held.
18	Was the tender submitted following provisions and conditions mentioned in Rule 96?	Usually tenders shall be allowed to be dropped only in one place. Procuring Entity may allow multiple dropping in exceptional cases with the approval of Secretary of the Ministry/Division for procurement of Goods and Works valued Tk. 30 Lac. or above and subject to other conditions mentioned in Rule 96(11).
19	Was the tender/proposal submitted along with all documents necessary to establish eligibility and qualification of Person, as set in tender/RFP documents under Rule 49 and 50, to execute works or supply goods or provide services proposed?	i) Auditors will review and ascertain whether the tender/proposal was considered responsive or non-responsive on proper grounds, whether any issue or ground though not included in evaluation criteria set in tender/RFP documents was brought into consideration violating Rule 98(2) by Evaluation Committee or CCGP or Approving Authority.
20	Was the responsiveness of tender properly assessed?	ii) PPR specifies the time, stages and occasions only when procuring entity or evaluation committee may communicate with tenderer after receipt of tender. It may happen that the scope and process allowed for and to be availed of by insiders –officials of procuring entity or evaluation committee only according to PPR may be mistakenly or intentionally allowed to outsiders—bidders.
21	Were the bids properly evaluated?	
22	Did the Evaluation Committee use any criteria not specified in the Tender Documents during evaluation violating Sub Rule	

Questions		Guiding Notes
	98(2)?	iii) Only insiders — Chairperson /TEC can communicate with tenderers under conditions noted in Sub Rule 98(8) and outsiders ---tenderers cannot make any clarification on their own. This scope allowed to be used by insiders only, is sometimes misused and outsiders (tenderers) make communications or submit clarification including documents after dropping of tender to obviate the shortcomings in their tenders. This cannot be entertained and covered under Rule 98(8).
23	Was a tender having scope for domestic preference evaluated according to Rule 33 of the Act?	
24	Were the communication made with bidders conducted in appropriate manners and procedures?	iv) Applicants, Tenderers are restricted to communicate with procuring entity unless admissible under circumstances covered by Rule 31.
25	Were the communication made with bidders conducted in appropriate manners and procedures?	PPR introduced certain procedures for communications with Applicants, Tenderers and Consultants. For example, TEC is permitted to seek clarification from Applicants who seeking to become Pre-Qualified under Rule 93(8). Procuring entity shall under Rule 93(19) inform Applicants of the grounds of their exclusion. Similarly TEC may communicate with tenderers under Rule 98(8) and (13) to complete an evaluation of tenders.
26	Was the tender evaluated and awarded within validity period per Rule 20 and 21?	Failure to complete evaluation and awarding process within validity period will result in cancellation of tender. Cancellation may cause not only higher price of procurement but also adverse effect or even disrupt delivery of service of the entity. Reasons for delay in evaluation or approval stage shall be reviewed to ascertain the motive, if any, behind such delay. May be that someone in the process delayed the process to cause cancellation of tender either to enable the potential tenderer to go-away or to drive away the tenderer so as to facilitate another tenderer through re-tendering.
27	Did the price offer include any front-loading – quoting	This will allow tenderers to take away proportionately excess money at the beginning of contract, make delay at

Questions		Guiding Notes
	proportionately very high price for items to be executed or supplied at initial stage --to take away excess money at the initial stage of the execution of contract?	latter stage and even flee with excess money.
28	Was tender security submitted in proper manner as per Rule 22(2) and was verification of authenticity conducted per Rule 24?	In case of international tender bank guarantee shall be issued by an internationally reputed bank and must be endorsed by its local correspondent bank as per Rule 22(2). The authenticity of tender security shall be verified in writing from the bank issuing the security as per Rule 24. Auditor will also check whether security in the form of bank draft or pay order only was submitted along with tender for value up to Tk. 2 crores as per Rule 11(1) Schedule II.
29	Was the validity of tender security determined correctly as per Rule 22(7)?	
30	Was the tender security forfeited under Rule 25 or returned per Rule 26?	
31	Was there any negotiation in violation of Rule 99?	It sometimes happen that tender security is not submitted in proper form (standard format attached with tender document) or for correct amount of money or with a proper validity period. Fake tender security may be also submitted. Tenderers may modify also tender security (bank guarantee) after dropping /submission of tender which is not admissible under Rule 22.
32	Was post-qualification carried out by TEC according to Rule 100?	
33	Tender Evaluation Report (TER) properly drawn, signed and submitted?	The evaluation committee meeting must be attended by members as specified in Schedule II under Rule 8(8).
34	Was the outcome of evaluation properly communicated?	
35	Were the Applicants, Consultants and Tenderers informed properly	Procuring entity shall inform Applicants and Tenderers of such decision within 7 days after approval of

Questions		Guiding Notes
	under Rule 35 after rejection of all Applications, Proposals and Tenders?	recommendations of the Evaluation Committee by HOPE per Rule 35.
36	Was the evaluation process finished in time set in Schedule 3 Rule 8(14)?	Time frame described in Schedule 3 shall be followed by procuring entity, Evaluation committee and approving authority etc for processing and approval of a tender or proposal.
37	Did procuring entity acted properly and comply with the instructions and recommendations, if any, of concerned authority including Review Panel made after receipt of complaint under Rule 57 and 60?	Concerned officer of procuring entity who has issued tender/proposal document, HOPE, Secretary of Division/Ministry and Review Panel shall consider complaints submitted by tenderer and consultant, take steps and deliver decisions following Rule 57 and 60. Procuring entity shall take actions on the basis of instructions delivered by concerned authority mentioned above.

Part C- Rejection of Tender, Awarding Process and Approval of Tender

	Some Possible Risks / Irregularities	Audit Procedures
a	Tender/proposal might be accepted or rejected in violation of provisions like Rule 11, 33 and 36	Verify the procedures and reasons for asking clarification, re-evaluation from TEC or rejection of a tender per these Rules.
b	Tender/proposal might be rejected without valid reasons or procedures so as to facilitate continuation of work , supply or services by the existing party through some form of Direct Purchase Method	Review whether existing party is working at high rate and he was re-engaged to avoid fresh tender and to allow him undue benefit. Rules 11 and 33 will be the basis of review.
c	Tender approved by an authority not competent to approve the tender	Review in relation to Delegation of Financial Powers.

Questions		Guiding Notes
38	Was the tender/extension accepted or rejected and post-rejection steps taken according to Delegation of Financial Powers and Rules 11, 33, 34 and 35?	Rule 11 has set procedures and guidelines for approval or rejection of recommendations of Evaluation Report. Schedule III has set stages and timeline for finalization of tender/proposal. Reasons for delay in the process will be reviewed and checked by auditors and that would help them identification of interference, complaints, malpractices and collusion occurring during the process. Auditor will review the internal (investigation) reports and actions taken after receipt of complaints raised by tenderer or the media.
39	Was the enlistment of Qualified Potential Suppliers or Contractors made according to provisions under Rule 52?	
40	Was the TER submitted in proper manner to proper authority?	
41	Was TER/PER processed, considered and disposed off in appropriate manner?	
42	Were the tenders/proposals and quotations rejected in appropriate manner?	Tender/Quotations or Proposals may be rejected under circumstances mentioned in Rule 33(2) when so recommended by TEC/PEC after approval of such recommendations by HOPE.
43	Was the checklist (Part A, B and C of Schedule IV) filled up, attached and maintained properly?	This will demonstrate delay-spots and may provide clue to any undue influences and interference at different stages in procurement process.
44	Did the approving authority explain reasons for rejection of recommendations of TEC/PEC as per Rule 11(2-C)?	Auditors will review the reasons to ascertain whether the recommendations were rejected on proper grounds, whether any issue or ground though not included in evaluation criteria was brought into consideration by Evaluation Committee or CCGP or Approving Authority.
45	Did the approving authority communicate their decision in appropriate manner and channel under Rule 36?	
46	Did the approving authority exercise authority according to delegation of financial power?	

Questions		Guiding Notes
47	Did the procuring entity, TEC, Approving Authority and Review Panel acted in conformity with time-line set in PPR to finish procurement process?	
48	Did the approving authority proceed to consider the Evaluation Report following time-line and procedures specified in Rule 11, 36 and 101?	
49	Was PG required to be submitted in proper form for proper amount and in proper time described in tender document per Rule 27 and 102?	<p>Allowing tenderer to submit PG extending time-limit described in tender documents or in a form or for an amount different from that mentioned in document tantamount to allowing undue favor to the successful tenderer.</p> <p>PG should be submitted within 14 days of receipt of Notice Of Assignment (NOA) but not later than the date specified in the NOA for national tender. PG should be submitted within 28 days of issuance of NOA for international tender. Auditor will check whether appropriate actions and steps were taken for non-submission of PG.</p>
50	Was the verification of Performance Guarantee (PG) conducted properly?	
51	Were the contract terms and conditions comprehensively, unambiguously and clearly drawn?	
52	Was the contract signed as per Rule 102?	
Delegated Procurement		
53	Did the owner entity arrange proper monitoring of implementation of	It often happens that implementation of procurement function suffers because

Questions		Guiding Notes
	procurement by executing agency?	coordination and monitoring are not undertaken according to Rule 12.
54	Did the executing agency receive approval for design and other matters from owner entity?	

19.4.2 Module 4: Procurement Process: Procurement of Works/Goods-Interpretive Notes

(Auditing Publicity and Invitation of Tender, Tender Opening, Tender Evaluation, Awarding Process and Approval of Tender)

Questions	Guiding Notes
Part A- Auditing the publicity and invitation of tender (Questions 1 –8)	Q.1- Q.8 aim to establish whether procuring entities complied with provisions of PPR 2008 regarding publicity incorporated to ensure competitiveness, transparency and level-playing field in procurement process.
	Q.1 Invitation for Prequalification, Enlistment, and Tender must be advertized in at least one Bangla language national newspaper and one English language national newspaper both of which shall have wide circulation within Bangladesh. A procuring entity shall, in case of international competition, publish the invitation in an English language newspaper or publication of wide international circulation or in a UN Development Business (online) and the Development Gateway Market (dgMarket) and if deemed necessary, in foreign trade missions in Bangladesh or Bangladesh trade missions abroad per Rule 90(3). Some procuring entity may publish advertisement in a low-circulation newspaper with malafide intention to avoid wide publicity and restrict wide competition. Sometimes it might happen that the advertisement was not published at all in any newspaper, rather fake and forged copies of some newspapers were brought out in collaboration with vested interests to show-case as if wide publicity was made --so as to hide the

Questions	Guiding Notes
	<p>publicity and facilitate participation of Persons chosen by vested quarters.</p>
	<p>Q.6 Minimum time be allowed for preparations and submission of Applications and Tenders. For example -</p> <ul style="list-style-type: none"> i) for national procurement of Works and Goods for tender value up to Tk. 2 crores minimum 14 days; for value above Tk. 2 crores but below Tk. 5 crores minimum 21 days, for value above Tk. 5 crores minimum 28 days be allowed for preparation and submission of tenders; ii) However , in case of tender for emergency procurements following a disaster minimum 10 days be allowed; iii) In case of re-tender, (a) for procurements valued up to Tk. 2 crores minimum 10 days, (b) for procurements after disaster , minimum 7 days, (c) and in other cases 14 days per Rule 61(4) be allowed to tenderers; iv) In case of invitation for RFP min. 28 days for national procurement and 42 days for international procurement be allowed; v) In case of invitation for Request for Expression of Interest (EOI), min 14 days be allowed for national procurement and 21 days for international procurement.
<p>Part B- TEC/PEC formation, Tender opening and evaluation (Questions 9-37)</p>	<p>Q.9- Q. 37 are framed to identify areas where procuring entity was non-compliant with Rules during formation of TEC and opening as well as evaluation of Tenders by concerned authorities.</p> <p>Q.10 in order to prevent tempering of documents after submission of Tenders, to let Tenderers know certain information and to establish transparency in the tendering process, PPR has introduced provisions prescribing process of opening tenders. Tenders be opened following conditions and processes mentioned in Rule 97(4) and Part GHA of Schedule 4.</p> <p>In case of One Stage Two Tendering Method, introduced by SRO no. 73</p>

Questions	Guiding Notes
	<p>dated 27 March 2011, only Technical Offer will be opened by opening committee. Financial Offer shall remain sealed and so tender –price or Discounts would not require to be read out by Opening Committee. Financial Offers submitted under 1S2E are held in safe custody by the HOPE or authorized officer.</p> <p>Q. 11 aims to verify whether TEC was formed according to the relevant provisions of PPR and whether undue factors influenced the process of formation. Delay in formation of TEC or change of composition of membership and reasons for delay and changes must be verified by auditor to understand whether delay or change occurred to influence the evaluation process and whether this was covered by relevant Rule 8(11 and 12). Similarly whether external members were properly included under Rule 9 in committees be verified as an important issue.</p> <p>A procuring entity may with the approval of Approving Authority or Chairperson of the Board or Secretary of Division /Ministry, as applicable, form common committee as below:</p> <ul style="list-style-type: none"> i) only one common TEC if one committee is considered sufficient to handle all procurement Applications, Tenders and Proposals or ii) more common committees than one common committee when one committee is unable to evaluate procurement cases at a particular time . <p>A procuring entity may, however, form a separate Evaluation Committee, other than common committee per Rule 8(4), for a specific large complex procurement or for any particular procurement, if considered fit and necessary for that procurement.</p>
	<p>Q. 12 Approving authority shall form the Evaluation Committee. But the Evaluation Committee may be formed under Rule 8(3) with the approval of the Chairperson of the Board when the tender/proposal would be approved by the Board and with the approval of the Secretary of the Division or Ministry, when tender/proposal would be approved by the</p>

Questions	Guiding Notes
	<p data-bbox="512 247 1026 279">Ministry or be processed through the CCGP.</p> <p data-bbox="480 317 1369 520">Q.15 is designed to ascertain the grounds and the motive behind changes in the composition of TEC. Auditor will specially check cases and reasons of changes in composition of TEC, particularly if done during evaluation stage with reference to Rule 8(11). Changes may sometimes occur when some members do not yield to the pressure of vested interest group.</p> <p data-bbox="480 562 1369 1241">Q. 19- Q. 24 are designed to find out the process followed by procuring entity and TEC for evaluation of tenders, including forms and way of communications that happened between tenderers and TEC. TEC can neither introduce any new conditions or criteria, not included in Tender Documents, nor drop any condition or criteria while conducting evaluation. Introduction or dropping of new condition or criteria will affect either adversely or favorably some parties/Persons in relation to others, disturb level-playing field and result in unequal and unfair evaluation and treatment to some tenderers. One tenderer who would become disqualified or non-responsive because of introduction of a new condition could submit necessary papers evidencing capability had the same been included originally in tender document. On the other hand, if a condition that had been dropped or avoided during evaluation, would not have been included in the tender Document, it might happen that some other Persons could have come forward to submit tender and competition scenario would have been entirely different.</p>
<p data-bbox="180 1283 458 1444">Part C-Rejection of tender, Awarding process and approval of tender</p> <p data-bbox="209 1478 429 1514">(Questions 38-54)</p>	<p data-bbox="480 1283 1369 1398">Q. 38-54 would help auditors to correlate the actual authority exercised by approving authority with that allowed under Delegation of Financial Powers and provisions of PPR for approval of Tenders.</p> <p data-bbox="480 1440 1369 1682">Q. 38 is aimed to establish unscrupulous attempts, if any, to influence the TEC and procuring entity by approving authority. Scrutiny of actions of approving authority be taken to observe whether these were covered under Rule 11 and would further help reveal whether delay was made, clarifications were sought or tender was rejected with bona fide or malafide intentions .</p> <p data-bbox="512 1724 1369 1795">This is aimed to find out the reasons and the possible motive behind the decision of asking re-evaluation or rejection of a tender. Auditor may too</p>

Questions	Guiding Notes
	comment on the possible impact that might have come up after rejection of a tender if rejection was made violating relevant provisions of PPR.
	Q. 43 is aimed to detect delay-points in processing and find out reasons for the delay as well as identify malafide intentions, intervention and interferences that might have happened in the process.

19.5.1 Module 5: Auditing Procurement of Services

1. The PPR 2008 introduced specific and separate provisions for the procurement of services which can be classified into the following types :
 - i) Preparation services for example : design study, feasibility study and master plans (e.g, Detailed area plans for RAJUK) ;
 - ii) Advisory services for example: training, policy preparation and technical advice ;
 - iii) Implementation services for example: preparation of tender documents, construction supervision, monitoring and project management, procurement management and collection of utility charges (telephone bills, and Water Supply and Sewerage Authority bills and electricity bills).

2. Methods of procurement as listed in chapter six part I of the PPR 2008 are:

	Method	Applicability	Comments
1	Quality & Cost Based Selection (QCBS)	Selection of consultants where the cost of procurement has been given more emphasis than the quality of the services proposed.	Preferred method
2	Fixed Budget Selection (FBS)	Small assignments with fixed budgets.	Preferred method
3	Least Cost Selection (LCS)	Work of routine or standard nature such as audit and non complex design work and costs within threshold of Tk. 50 Lac.	

	Method	Applicability	Comments
4	Single Source Selection (SSS)	Rapid selection is essential and only one person is deemed competent.	May be used in exceptional cases because it lacks transparency in selection, does not provide benefits of competition in respect of quality and cost.
5	Individual Consultant Selection (ICS)	Assignments for which the qualifications and experience of the individual are the overriding requirement and no team of staff and no additional professional support is required.	EOI through advertisement or approaching directly by PE. Without EOI under 4 situations per Rule 112(10)
6	Selection Based on Consultants Qualifications(SBCQ)	Very small assignments for which the cost of a full-fledged selection process would not be justified.	Consultant's experience and qualification is the only consideration
7	Design Contest Selection (DCS)	Short-listed firms, in general architectural firms, are invited to submit their conceptual design for a physical project, such as a monument, research centre, office headquarters or transportation terminal.	Technical excellence is the prime consideration.
8	Community Service Organization Selection(CSOS)	QCBS/LCS/FBS/SSS methods may be used. Implementation aspects of community activities and experience and local knowledge may carry more points compared to those used in normal QCBS.	

3. Sequential steps usually to be followed for the procurement of services per chapter six part III of the PPR 2008 are:

	Stage	Notes	Further Notes
1.	Request for EOI	Not necessary for i) SSS ii) in case of ICS under Rule 112(10)	Advertisement allowing minimum 14 days and 21 days respectively for national and international procurement.
2.	Opening	No public opening.	Proposal Opening Committee (POC) sends EOIs to Proposal Evaluation Committee (PEC).
Proposals.			
3.	Short listing	PEC prepares a short list of 4 to 7 applicants (PPR 2008 rule 115-3)	To include not more than 2 firms from same country and at least 1 firm from a developing country in international procurement if the RFP is issued on an international basis. (PPR 2008 rule 115-4)
4.	Request for proposals	Issued to short-listed Applicants	LOI, ITC, PDS, GCC, PCC, Proposal and Contract Forms and TOR.
5.	Submission and opening of proposals	For opening the Technical Proposals, the Procuring Entity shall convene a meeting of the POC. The Financial Proposals shall be kept closed in the safe custody of the Head of the Procuring Entity until such time as the evaluation of technical Proposals has been completed.	Matters to be considered by shortlisted applicants when submitting their proposals are listed in rule 118-1 of the PPR 2008.

	Stage	Notes	Further Notes
		The POC shall send the Technical Proposals and the record of opening <i>in a closed box</i> through the Procuring Entity to the Proposal Evaluation Committee constituted under Rule 8, for evaluation.	
6.	Evaluation	<p>A Proposal Evaluation Committee (PEC) shall evaluate all Technical Proposals, in accordance with the RFP and the relevant provisions of the Act and these Rules.</p> <p>Consultants receiving the minimum score for technical proposals shall be invited to a public opening of their financial proposals</p>	<p>Selection:</p> <p>QCBA=Technical score+ Financial Score</p> <p>SFB=Highest Quality scorer within fixed budget</p> <p>LCS=Least cost offer</p> <p>SBCQ=Highest Qualifier</p> <p>SSS/ICS=Negotiation</p>
7.	Negotiation	<p>QCBS: The Consultant receiving highest combined score</p> <p>FBS: The Consultant ranked highest within fixed budget</p> <p>LCS: The Consultant who quoted the lowest cost having minimum tech points</p>	The Procuring Entity shall notify the successful Consultant that its Proposal has been accepted and shall set a date for the commencement of Contract negotiations so that the Contract can come into force before the prescribed Proposal validity date expires.
8.	Award	<p>No Performance Security</p> <p>The Evaluation Report along with its recommendations and minutes of the completed negotiations shall</p>	The approving authority will consider the recommendations of the PEC and communicate its decision to the head of the

	Stage	Notes	Further Notes
		be submitted to the approving authority.	Procuring Entity.
9.	Execution of contact	Review and monitor performance per terms of contract	
10.	Payments	On condition of satisfactory completion of tasks and assignments	

4. Procedures and steps for procurement of services are different from that of works and goods. Some important differences are :

Services	Works/Goods
Terms of Reference	Specifications
Two Envelopes	Usually One Envelope
EOI / RFP	Tender Document
Negotiation mandatory	No negotiation except for direct procurement
No security but indemnification	Tender security/ Performance Guarantee

5. **Risks, audit procedures and assertions**

Auditors can use all or some of the questions mentioned below, depending on the time available for audit and the nature of services procured, taking into account the risks described, to understand if the procurement processes in relation to the procurement of services during the period under audit were not compliant and consistent with PPR 2008 or were irregular.

(Note: The risks and irregularities as well as audit procedures cited below are only examples. The Auditor may come across other types of risks depending on the specific type of procurement activities undertaken by an individual entity or authority. Auditors may have to adopt and undertake additional audit procedures suitable and appropriate under a specific situation to establish risk and irregularities.)

Part A: Needs Assessment, Preparation of EOI/ Formation of POC/PEC

	Some Possible Risks / Irregularities	Audit Procedures
a	Incorrect categorisation of the object of procurement as services to enable a party to win the procurement award	Review if categorization of procurement as services was correct and proper
b	Services were not necessary or required to the extent contracted (Regularity)	Ascertain if the services procured or to be procured were necessary in full or in part (Regularity)
c	Services not required for the period of the procurement	Ascertain if the services procured or to be procured were necessary for the period for which procurement was or would be made
d	Inappropriate methods used for procurement	Review the circumstances in relation to the selection a specific method—particularly if a non-competitive method was selected for procurement to assess the justification for selection of the method (Regularity)
e	The proposal document was prepared using inappropriate standard documents and is biased and discriminatory	Examine the proposal document with reference to relevant Standard Request for Proposal Document (SRFP)
f	PEC not formed in an appropriate manner (Regularity)	Ascertain if the PEC was formed in time and consists of appropriate numbers of members and representation particularly from outside the procuring entity

	Questions	Guiding Notes
1	Categorisation of procurement as services correct and proper per provisions of PPR.	Categorisation is the primary and preliminary requirement in the procurement process. Determination of the method of procurement,

	Questions	Guiding Notes
2	Was one kind of object (say Goods) was categorised intentionally or unintentionally as another category. (say works or services)?	selection of STDs/ SRFPs etc will depend on the decision regarding whether the object of procurement will be Works or Goods or Services.
3	Were the services all necessary and required to the extent contracted?	
4	Were the services required during the time to context procured?	
5	Was the appropriate method selected for appointment of consultants following provisions mentioned in Part I of Chapter Six of PPR 2008?	QCBS and SFB should be the preferred options as outlined in Rule 103 (4). LCS, SBCQ, CSOS, SSS and DC may be selected under situations mentioned in relevant Rule 104 of Chapter Six.
6	Were the stages mentioned in Schedule III of the PPR 2008 followed for the processing of applications and proposals?	Schedule III Part G to be used for the procurement of services by QCBS method, Part JA for SFB method, Part JHA for LCS method, Part NIHA (T) for SSS method.
7	Was prior approval of the Head of Procuring Entity (HOPE) or AO obtained for procurement under methods such as LCS, SSS, ICS, and SBCQ?	Methods other than QCBS and SFB may be used subject to approval by HOPE or AO under the conditions mentioned in the PPR 2008 Rule 104.
8	Were the instructions mentioned in Schedule VIII of the PPR 2008 B followed for the appointment of consultants?	General considerations for the employment of consultants will be followed for the preparation of the Proposal Document and setting the terms of the appointment of consultants (Schedule IX Part K).
9	Were the general considerations mentioned in Schedule VIII of the PPR 2008 Part C followed for appointment of Bangladeshi nationals as consultants?	General considerations for the employment of Bangladeshi Nationals as individual consultants will be followed for preparation of the Proposal Document and setting terms of appointment of consultants (Schedule VIII Part C).

	Questions	Guiding Notes
10	Were the terms and conditions mentioned in Schedule IX of the PPR 2008 Part D followed for appointment of consultants from government servants employees of statutory bodies and local authorities?	Auditors should verify if government servants and employees of autonomous bodies etc. were appointed violating provisions mentioned in Part D.
11	Were the conditions met for the appointment of individual consultant without EOI under Rule 112- 11?	PE may collect 3 CVs if, for example, the duration of contract is less than 6 months and the services are of an urgent nature due to natural disaster.
12	Was the POC formed properly?	The POC may be formed with 3 members including one from the PEC under Rule 7 of the PPR 2008, before the date for submission of EOI. EOI may be submitted by courier, mail fax or e-mail per Rule 114. There shall be no public opening for EOI per Rule 114.

B) Invitation of EOI/ Short listing/Preparation of RFP

	Possible Risks / Irregularities	Audit Procedures
a	The EOI was not invited through advertisement;	Review the reasons to ascertain why the EOI was not invited through advertisement and conclude regarding the justification for the measure.
b	The advertisement was published in a low circulation newspaper or even may be that the copies of papers produced were fictitious copies only;	
c	Publicity was not given through the CPTU website or Procuring Entity's website, as per the PPR 2008 Rule 90(2-h and i);	

	Possible Risks / Irregularities	Audit Procedures
d	Documents were not made available in a timely manner to applicants and the latter did not have enough time for the preparation and submission of Application/Tender/Proposal/EOI;	
e	EOIs were not properly assessed;	Review the appropriateness of the assessment process to ascertain whether the applications were assessed on the basis of information specified in REOI.
f	Abnormal delays in short-listing to put pressure on unyielding PEC members or to carry out inappropriate communication with consultant;	Review the time taken for the short listing process.
g	Biased, incomplete and inappropriate RFP prepared.	Understand if the RFP was prepared following the appropriate process and standard documents (SRFP and SRFA) for example, PS1, PS4 etc. included in Schedule 1 of the PPR 2008.

	Questions	Guiding Notes
13.	Were the procedures mentioned in the PPR 2008 rule 113 followed for inviting requests for EOI for appointment of consultants?	Procuring Entity should advertise requests for EOI and allow applicants a minimum 14 days for national procurement and 21 days for international procurement per Rule 113(2). No EOI for SSS and ICS as per rule 112(10).
14.	Was the REOI advertised per PPR 2008 rule 90 to ensure wide participation and transparency?	Rule 90 stipulates provisions requiring publicity of advertisements in national dailies and in Bangladesh missions abroad and wider international circulation as applicable.

	Questions	Guiding Notes
15.	Was the format mentioned in the PPR 2008 used for inviting application for the appointment of consultants?	The specific format shown in Schedule X needs to be used for advertisement.
16.	Was the short listing conducted appropriately?	If less than 4 Applicants are short-listed, the PEC should follow the procedures per Rule 115 (5)- (7) and recommend to HOPE for approval or may re-advertise for applicants following the direction of HOPE.
17.	Did the short list include required number –maximum and minimum – of firms according to PPR 2008 Rule 115(4) for issuing RFP on international basis?	Four to seven Applicants to be short listed subject to the condition that there are not more than 2 firms from the same country and at least one firm from a developing country.
18.	Were the TOR and RFP prepared following the provisions set out in the PPR 2008 Rules 116 and 117?	<p>The RFP should be distributed to short listed Applicants after preparation of RFP by procuring entity using the appropriate SRFP for example, PS1, PS 2, PS3 for national procurement and PS 9, PS 10 for international procurement.</p> <p>The allocation of points to be carried out according to Rule 117(27) for evaluation of the responsiveness of RFPs.</p> <p>The TOR should include information as per Sub-rule 116(1) and RFP shall include information and papers per rule 117(2).</p> <p>The evaluation criteria for RFP should consider the provisions mentioned in Rules 117 (24, 25 and 26).</p>
19.	Were the Applicants allowed the appropriate time for the preparation and submission of the RFP per Rule 117(19)?	Applicants should be allowed minimum of 28 days to prepare and submit the RFP for national procurement and a minimum 42 days for international procurement per Rule 117(19).

	Questions	Guiding Notes
20.	Were the technical and financial proposals opened by PEC as per Rule 118 and 120(3)?	<p>Financial Proposals should be kept in close custody of the HOPE and Technical Proposals should be opened by the POC. The record of opening should be forwarded in a closed box through the procuring entity to PEC.</p> <p>The PEC should announce both the technical points and the cost of each proposal which has achieved the minimum technical points.</p>

Part C: Evaluation of RFP and negotiation

	Possible Risks / Irregularities	Audit Procedures
a	Improper or incorrect evaluation willingly or unwillingly to either turn a potential high ranking Consultant into a low-ranking one and vice versa.	Review if the evaluation was carried out on the basis of the criteria set out in the TOR and RFP.
b	Changing or removal of papers after the submission of RFP.	Consider this point whilst reviewing the scoring of the technical proposal and financial proposal.
c	Inappropriate procedures followed for the technical and financial evaluations.	Ascertain if the evaluations were conducted following the procedures mentioned in the PPR 2008.
d	Abnormal delays in evaluation to put pressure on unyielding TEC/PEC members or to carry out inappropriate communications with consultant.	Review the time taken for the evaluation process.
e	Negotiation does not address all prescribed areas and not in consistent with the underlying rules.	Review to consider if all relevant procedures mentioned in the PPR 2008 were taken into view during negotiation.

	Questions	Guiding Notes
21	Were the technical proposals evaluated in an appropriate manner per PPR 2008 rule 119?	<p>Proposals will be evaluated under Rule 119. Each member of PEC shall evaluate separately each proposal and points for each proposal will be calculated as the average of all the points given by all members of PEC for the respective proposal.</p> <p>The PEC members should evaluate each proposal on the basis of its responsiveness to the TOR, and a proposal shall be considered unsuitable or non-responsive and it shall be rejected if it does not respond to important aspects of the TOR or if it fails to achieve the minimum technical points specified in the RFP. (Rule 119-4)</p>
22	Were the financial proposals evaluated in accordance with PPR 2008 rule 120?	<p>Upon approval of the technical Evaluation Report by the Head of the Procuring Entity or an authorised officer, applicants who received the minimum technical scores should be invited to a public opening of the financial proposals where the PEC shall announce the technical points for each proposal which has achieved the minimum technical points, together with its price.</p> <p>The financial Proposal shall be checked to verify that it is arithmetically correct and any errors in calculation shall be notified to the applicant.</p>
23	Was financial score of each proposal under QCBS determined in the manner prescribed in Rule 121(2)?	<p>The financial score of each proposal should be determined in a manner so as to ensure that the Financial Proposal with the lowest evaluated cost is given one hundred (100) points and other proposals pro-rata points, reduced by the same percentage that the cost of their proposal is higher than that of the lowest cost proposal.</p>
24	Was the negotiation conducted in an appropriate ways?	<p>Rule 122 prescribes details of areas to be covered and introduces specific steps and processes to be followed during the negotiation.</p>

	Questions	Guiding Notes
25	Was the highest ranked technical proposal within budget invited for negotiation under FBS?	Rules 106 and 122 -1 should form the basis for this review.
26	Was the technically qualified and lowest cost proposal invited for negotiation under LCS?	Rules 107 and 122 should form the basis for this review.
27	Were the evaluation reports along with recommendations and minutes of completed negotiations processed properly?	Rule 36 and rule 124 should be used as a guide to ascertain whether due process was followed for submission of recommendation and minutes of negotiation to approving authority.

Part D: Approval, Award and Rejection

	Possible Risks / Irregularities	Audit Procedures
a	Inappropriate procedures followed for approval.	Confirm if the procedures and steps followed were in accordance with the PPR 2008.
b	The contract may not be in accordance with the conditions set out in the RFP.	Consider if the contract is signed by appropriate authority covering conditions of RFP. (time based or lump sum)
c	Undue favours may be included in the contracts.	Consider if any undue favours were given to the consultant, for example appropriate scoring systems not used.
d	The terms of the contract may be vague and ambiguous.	Consider if the contract is in accordance with the conditions stipulated in the RFP.

	Questions	Guiding Notes
28	Were the procedures followed for the submission of the recommendations of evaluation committee to the approval authority appropriate?	Approval procedures are described in details in PPR 2008 rule 36.

29	Did the approving authority acted in compliance with rules?	The steps to be followed by the approving authority are described in PPR 2008 rule 11.
30	Was the contract in accordance with Rule 125?	Terms of contract and tasks to be completed by consultants and deliverables should be set out in the RFP as stipulated in rule 117 and rule 125.
31	Was the value of contract covered by budgetary provisions, arrangements provided in project document and Annual Procurement Plan or Revenue Budget?	The value and terms of the contract must be consistent with the budgetary allocation under Revenue or Development Budget and provisions of Project Document as described in PPR 2008 rule 16.
32	Were there any variations in the terms of the contract in comparison to that set in RFP documents?	Terms of contract must be drawn up in accordance with the conditions set in the RFP document. Any variations in the terms of contract should not be seen as allowing undue advantage to the successful consultant.

Part E: Contract Management and Payments

	Possible Risks / Irregularities	Audit Procedures:
a	The contract may not be executed covering the terms and conditions of Contract.	Confirm if the contract was executed and managed as per the terms & conditions of Contract.
b	There could be limited monitoring, evaluation and proper recording of outputs against key activities under the terms of the contract.	Confirm if the contract was executed and managed as per terms & conditions of Contract.
c	Inadequate monitoring, evaluation and reporting (MER) by management at different levels to oversee the performance of services specified in the contract.	Confirm if the monitoring and reports of management were adequate and if tasks and assignments specified under the contract were completed properly and on a timely basis.
d	Some activities and assignments specified under the terms of the	Confirm if the periodic deliverables specified under the terms of the contract are submitted in time.

	Possible Risks / Irregularities	Audit Procedures:
	contract not performed at all, not performed in time or not performed per the quality specified.	Confirm if performance of the contract is in accordance with targets and assignments specified in the contract particularly with reference to any preset quality standards.
e	Payments made without the necessary budget allocations.	Check the GO for budget allocation and the budget deduction register in support of payments made.
f	Acceptance of services without recommendation and certificate of the PEC in accordance to TOR and job assignment.	Check the completion certificate relating to the execution of services and acceptance of services (Occurrence, Regularity). Review the report of the PEC and consider services received were in accordance to TOR.
g	Payments made without completion of tasks or submission of deliverables on time.	Confirm if payments are in accordance with the time schedule specified in the execution of contract
h	Modification or extension of the contract avoiding fresh EOI and facilitating continuation of engagement of the existing Service Provider.	Consider if there are any situations under which a fresh EOI was avoided enabling an existing Service Provider to continue providing services without an appropriate contract extension.

	Questions	Guiding Notes
33	Are sub-contractors or sub-consultants appointed following appropriate provisions?	A sub-contractor or sub-consultant needs to be appointed following the provisions set out under Rule 53.
34	What are the areas where the terms of contract have been violated?	Confirm management's monitoring arrangements and confirm they are adequate to detect any potential violations of the contract.
35	Do services procured conform to the standards of the TOR set out in the contract?	Review if the performance of the consultant was adequately monitored by concerned procuring entity.
36	Did the procuring entity review performance as prescribed in the	The auditor can verify performance using the format per Annex- XI.

	Questions	Guiding Notes
	contract to ensure that services received are consistent with that described in contract?	
37	Did the consultant complete services in time?	
38	Were any modifications made to the contract to allow undue advantage to consultant?	Review any modifications made to the contract prior to contract award to ensure appropriate procedures have been followed in accordance with the PPR 2008.
39	Are there any items where deviations in quality as well as quantity have occurred during execution, in comparison to that provided in contract? Are these deviations covered under the procurement rules and delegation of powers?	Review how these deviations if specified in RFP, would have affected technical as well as financial scores and ranking on the basis of which positions of participating Applicants were evaluated and ranked by the PEC. It may appear that the lowest ranked consultant could be the third or fourth lowest ranked consultant had the RFP documents been prepared with the revised quantities and assignments allowed during the execution of contract and therefore public funds could have been saved had the scope of TOR been correctly estimated when preparing the RFP.
40	Did the change assignments happen in areas only where it was found profitable to the service provider and did the decrease in costs occur, where these were loss-items, aiming to reduce loss of consultants?	
41	Did the finance unit receive necessary documents to establish that the consultant performed satisfactorily and verify them before disbursement of bills under the contract?	
42	How has management monitored the progress of services received under consultancy service contracts per PPR 2008 rule 41(1) and have the bills been paid only in consideration of satisfactory deliverables?	

	Questions	Guiding Notes
43	Has the procurement post-review been conducted by the HOPE within 9 months of the end of a financial year per PPR2008 rule 46(1) and (6)?	<p>The Head of the Procuring Entity, if the value of procurement carried out by the Procuring Entity under his or her control, within time, is as specified in Schedule II, shall arrange by independent Consultants a procurement post review of the procurement operations.</p> <p>The Procuring Entity shall ensure that the Post Review is completed and the report is submitted to the Procuring Entity and CPTU within the period specified in Schedule.</p> <p>As per PPR 2008 rule 46, CPTU may also undertake a sample Procurement review of the past Procurement activities carried out by a Procuring Entity for monitoring compliance with the Public Procurement Act 2006 and provisions of these Rules by using CPTU's own resources, if available or by hiring independent consultants.</p>
44	Were the tender/proposal documents preserved in accordance with the PPR 2008?	Records need to be maintained for minimum 5 years per PPR 2008 rule 43(1).
45	Was the modification and extension of contracts made for appropriate reasons following appropriate processes?	Review the steps, reasons and process per provisions of PPR 2008 rule 78 to 80.
	<i>Auditors could use other relevant questions in relation to the POC/PEC, advertisement and evaluation procedures per the checklists mentioned in Module 3, 4 and 8</i>	<i>Auditors could use relevant guidance notes mentioned in Module 3, 4 and 8.</i>

19.5.2 Module 5: Procurement of Services Interpretive Notes

Questions	Guiding Notes
<p>Part A- Need assessment, Preparation of EOI/ formation of POC/PEC</p> <p>(Questions 1- 12)</p>	<p>Q. 3 A consultant could be engaged at a time either much ahead of the actual requirement or after the need was over. For example an engineering consultant may be engaged for the supervision of equipment procurement long before the supply is scheduled to take place or after the supplies as well as payments were completed.</p> <p>The auditor should specifically review the justification for the appointment or continuation of consultants /experts after completion of a project. It could be that the contractor (say, a construction contractor of a power station) was required to train up in-house personnel so they could take over the completed project and continue operations. In this case training (services) is an important component of the total cost. The contractor may have failed to train in-house personnel which might at a later stage require continuation or engagement of outside experts after hand-over of the project.</p> <p>The auditor should verify how, why and to what extent payment for the training component was disbursed to contractor/consultants following failure to train in-house experts within the duration of the project. The auditor should consider in particular, if this activity should have taken place within the terms of reference of the original contract.</p> <p>Sometimes the procurement of services may take place well ahead of actual need or even beyond actual need. For example, one consulting firm might be appointed to assess the maintenance requirements of all educational institutions all over the country. Government fund will be available for only 20-30% of institutions in the next 5 years after which the results of surveys would become obsolete and useless for the remaining institutions and fresh surveys would be required to reassess the maintenance needs of the institutions. The cost of the initial survey could therefore lead to wastage.</p>

Questions	Guiding Notes
	<p>Q.4 The method of procurement will be selected by PE depending on the specific needs of the PE.</p> <p>Q. 5 i) EOI will be invited under the following methods:</p> <p style="padding-left: 40px;">(a) QCBs (b) FBS (c) LCS (d) CSOS (e) ICS—(EOI will not be necessary in the circumstances described in rule 112(10)) (f) SBCQ</p> <p style="padding-left: 40px;">ii) DCS—normally no EOI required , but EOI may be invited under rule 111(3)</p>
	<p><i>The auditor can use other relevant questions and consult the guidance notes and interpretive notes mentioned in Module 3 where matters have been noted relating to issues covered by this module.</i></p>
<p>Part B- Invitation of EOI/ Short listing / Preparation of RFP</p> <p>Questions 13--20</p>	<p>Q.16 and Q.17 The PEC shall review the EOIs, assess the applicants' qualifications and prepare a short-list of not less than 4 and not more than 7 Applicants per rule 115(3). EOI shall be assessed using a qualification scale of Excellent, Very Good, Good and Poor to determine the comparative level of qualification among Applicants per rule 115(2). However, in the case of international procurement, a maximum of 2 firms from the same country and a minimum of one firm from a developing country should be included on the short list per Rule 115(4).</p> <p>Q. 18 The RFP should include the information listed in rule 117(2) and contain the documents specified in rule 117(3). Instructions to Applicants and Consultants (ITA or ITC) should contain the necessary information to help applicants prepare a responsive RFP. The RFP must contain clear criteria in the light of guidelines provided in Rule 117(25) to be used for the evaluation of technical proposals .The RFP must, per rule 117 (3) include ITC, PDS, GCC, PCC, Proposal Forms , Contract Forms, OR and LOI.</p>
<p>Part C- Evaluation of RFP and negotiation</p> <p>Questions 21 – 27</p>	<p>Q.21: Evaluation is very important to ensure that the PE did not try to influence and manipulate the process in order to drive out potential consultants. Auditors should review compliance with PPR 2008 rules 119, 120 and 121.</p>

Questions	Guiding Notes
	<p>During negotiation, the project methodology and work plan will need to be adjusted in accordance with rule 122 and adjusted to make them compatible with the assignments and time-frames described in the TOR/RFP. Financial values would need to be adjusted keeping into view the proposed schedule of manpower and the work plan finalised during negotiation. The auditor should consult minutes of negotiations to ascertain whether and how much the contract value was negotiated to agree with any amended tasks.</p> <p>Per PPR 2008 rule 122 (8) negotiations should include discussions about the TOR but should not significantly alter the original TOR so that the integrity of the negotiations and the content and findings of the technical evaluation report cannot be called into question.</p>
<p>Part D- Approval, Award and rejection Questions 28-32</p>	<p>The auditor should ascertain non-compliance pertaining to this part taking into account rules 36, 123, 124 and the delegation of financial powers.</p>
<p>Part E- Contract Management and Payment Questions 33-35</p>	<p>The auditor should verify the extent and quality of performance as well as cut-off dates for performance and delivery of different services to ascertain justification for payment of bills to the consultant.</p>

**19.6.1 Module 6: General Issues, Contract Administration and Bills Payment
(Execution of Contract, Performance of Contractor, Supplier and Consultants,
Bills Payment, etc.)**

	Some Possible Risks / Irregularities	Audit Procedures
a	Contract made beyond the provisions made in tender/RFP document and budget.	Verify in relation to tender/RFP document and budget.
b	Project document not consistent with decision of the Executive Committee of the National Economic Council (ECNEC).	Verify in relation to minutes of ECNEC.
c	Terms of contract made to favour the tenderer/supplier in violation of the terms of the tender/RFP document.	Verify in relation to the tender/RFP document.
d	Payments made despite of non satisfactory performance.	Verify in relation the appropriate terms of the contract.
e	Retention money not realized.	Verify in relation to appropriate terms of the contract.

	Questions	Guiding Notes
1.	Was the value of contract covered by budgetary provisions, arrangement provided in tender/RFP document and Annual Procurement Plan?	The auditor should check the provisions of the tender/RFP document and any other relevant information, for example, minutes of ECNEC, ADP and Budget.
2.	Were sub-contractors or sub-consultants appointed following the provisions of Rule 53?	The auditor should check that the subcontractor is suitably qualified for the appointed tasks.
3.	Were there any variations in the terms of the contract in comparison to that set out in the tender/RFP documents?	The terms of the contract must be in accordance with the conditions set out in the tender/RFP document. The auditor should check that any variations in the terms of the contract have not been included to allow undue advantage to the successful contractor/supplier/consultant.
4.	Were there any variations in the terms of the contract in comparison to that set out in the tender/RFP documents?	A) Generally the entity resorts to the following changes, after acceptance of a tender/Proposal, which tantamount to material changes deviations from the

	Questions	Guiding Notes
		<p>terms of contract in favor of successful tenderer/supplier/consultant so as to allow benefits to tenderer/supplier/consultants. Changes made favourable to tenderer/supplier/consultant may be in:</p> <ul style="list-style-type: none"> i) Submission of performance guarantee; ii) Disbursement of advance; iii) Packing conditions in delivery of goods and equipment under goods or works contract; iv) Extension of completion date; v) Keeping retention money (Rule 28) vi) Increase of quantities for items found profitable to tenderer. <p>Tenderers submit pre-offer considering the terms and limitations set in tender/RFP documents in respect of areas mentioned at (A) above. The unsuccessful tenderers might have calculated their price-offer at reduced rate if the changes effected after acceptance of tender had been the stipulations and set in the tender/RFP documents. Even those who have not submitted tender/RFP might have submitted tender/RFP if they would have found the tender/ RFP documents with all the changed version of the conditions and provisions made later on.</p>
5.	What are the areas where the terms of the contract have been violated?	

	Questions	Guiding Notes
6.	Did the goods, works or services procured conform to the specifications, technical requirements and terms of reference set forth in the contract?	The auditor should review if the performance of the contract was monitored satisfactorily by the project manager (Authorized officer) appointed under PPR 2008 rule 38 (6).
7.	Did the procuring entity conduct any inspection and testing prescribed in contract to ensure that works/goods / services received are consistent with that described in contract?	
8.	Did the contractor/supplier complete the Works/supplies/deliverables or services on time?	
9.	Were liquidated damages realised from the contractor for any delay in works and reduced from the contractor's bills per PPR 2008 Rule 39(27)?	
10.	Are there any areas where deviations in quality as well as quantity have occurred during the execution of the contract in comparison to that provided in contract? Are these deviations covered under the procurement rules and delegation of powers?	The auditor should review if the selected contractor/supplier (lowest tenderer) remains the lowest tenderer after variations had occurred due to the increase of some items of works or goods during the execution of contract.
11.	Did the increase in quantity happen in areas only where it was found to be profitable to contractor / supplier /service provider and did the decrease or drop of items occur where these were loss making items aiming to reduce the losses of contractor/supplier and consultants?	The lowest tenderer may not have remained the lowest bidder had the tender documents been prepared originally with the revised quantities allowed during the execution of the contract and it is possible that public funds could have been saved had the scope of the work and quantities been correctly estimated at the time of the floating of tenders.
12.	Did the scope of activity remain the same despite variations in the terms of the contract?	
13.	Were the changes in the execution of the contract in relation to outputs or quantity effected after following the appropriate rules?	The auditor should check that any variations are in accordance with PPR 2008 rule 39 (18).

	Questions	Guiding Notes
14.	Did the authority take appropriate action where required in relation to the non performance of the contract, including the realisation of penalties for non-performance?	The auditor should check that performance securities and retentions have been applied in accordance with PPR 2008 rules 25 to 28.
15.	Has the completion date been extended according to PPR 2008 rule 39(3) and (4)?	The procuring entity can extend the intended completion date by the percentage specified in Schedule II, if a compensation event occurs or a variation order is issued which does not make it possible to complete the works by the intended completion date, without the contractor incurring additional cost.
Bill Payment		
16.	Did the finance unit receive the necessary documents to establish that the contactor/supplier/ consultant performed satisfactorily, and verify these before disbursement of bills under the contract?	The auditor should check that the requirements of rules 40 and 41 are complied with before payments are made.
17.	Were the bills paid after the receipt of a certificate from the project manager (authorised officer) as mentioned in Rule 2(40) and Rule 38(6)?	The procuring entity should hand over the project or contract management to a capable project director, project manager or an authorized officer to supervise implementation of the works.
18.	Was retention of money deducted from all payments per PPR 2008 rule 28?	Retention money deducted could be less than the amount specified in tender documents which is not admissible under Rule 28.
19.	Are the provisions of advance mentioned in the contract legitimate and permissible under the general financial provisions of the contract?	The project manager should only make advance payments to the contractor, if the contract has any such provision for such amounts, by the date specified, where applicable, against a bank guarantee in a form and by a bank acceptable to the

	Questions	Guiding Notes
		procuring entity per Rule 39 (9).
20.	Was any advance paid outside the terms of the contract?	Advances should only be paid in accordance with the terms and spent in accordance with the provisions of same. Rule 39 (9) and rule 39 (10).
21.	Were any advances paid recovered as per PPR 2008 rule 39(11)?	The advance payment will be repaid by deducting at a proportionate rate from payments due to the contractor, based on percentages of the actually completed works.
22.	Were variation orders prepared following Rules 78, 79 and 80 and does the additional value not exceed the amounts the threshold specified in rule 39(18) schedule II?	Variations should be within 15% of the original contract price.
23.	Were any amounts paid for which no prices were quoted in the Bill of Quantities (BOQ)?	Rule 39 (24) requires that the items quantified in the BOQ for which no rates or prices have been quoted shall be deemed covered by the amounts of other rates and prices in the contract.
24.	Were liquidated damages recovered in accordance with Rule 39(27)?	The Contractor shall be liable to pay liquidated damages at the rate per day or week as specified in the contract for each day of delay from the Intended Completion Date of the original Contract or Extended Completion Date provided that - (a) The total amount of liquidated damages shall not exceed the amount defined in the contract. (b) The Procuring Entity shall deduct liquidated damages from payments due to the Contractor.

	Questions	Guiding Notes
25.	Are there any amount paid for items that are required to be performed as part of maintenance guarantee, after sales services and warranty obligations?	The project manager shall ensure compliance of maintenance guarantee, after sales services and warranty obligations per Rule 40(5).
26.	How have management monitored the progress of services received as per Rule 41(1) and have the bills been paid in consideration of satisfactory deliverables?	The project manager should review progress against the general conditions of contract through review of quality of design studies, completion reports etc.
27.	Has the procurement post-review been conducted by HOPE within 9 months after end of a financial year per Rule 46(1) and (6)?	The HOPE should arrange a review by a firm of independent consultants and ensure that the report is submitted to the PE and the CPTU within 9 months of the year end.
28.	Was there any complaint or allegation or activity in respect of any procurement processing which may be considered as misconduct or offence under Rule 127?	Any allegations of misconduct should be investigated in accordance with Section 64 of the PPA 2006. A written explanation should be obtained from the person or firm accused of the misdeed and investigated by the PE. An actions arising should be reported to the CPTU. Departmental disciplinary proceedings and criminal proceedings should be initiated if appropriate.
29.	What steps were taken by concerned authority to stop or prevent malpractices in the procurement process under chapter seven of the PPR 2008?	The PE should ensure compliance with the code of ethics detailed in schedule XII of the rules and have controls in place to, fraudulent identify any corruption, collusive or coercive practices in all stages of the procurement process.
30.	Were the tender/proposal documents preserved in due procedures?	Records need to be maintained for minimum 5 years per Rule 43(1).

19.6.2 Module 6: General Issues, Contract Administration and Bills Payment-- Interpretive Notes

(Execution of Contract, Performance of Contractor, Supplier and Consultants, Bills Payment, etc.)

Questions	Guiding Notes
Questions 1 – 33	The contractor, supplier and consultant may fail to perform in full or part by way of either poor performance or delayed performance. They may continue to get paid by procuring entities and necessary actions may not be taken to redress non-performance. The auditor should check that payments in relation to performance are made in accordance with Chapter 3- Part 6 of the PPR 2008, particularly Rule 39 for works, Rule 40 for Goods and Rule 41 for Services.

19.7.1 Module 7: Auditing Complaint Disposal

	Questions	Guiding Notes
1.	Was the complaint submitted in time to the appropriate officer?	Complaints must be submitted to a concerned officer within 7 working days of becoming aware of the circumstances giving rise to the complaint. Concerned officer means the officer who has issued the Tender/Proposal Document. (Rule 57 - 1 and schedule II)
2.	Did the concerned officer issue a written decision in time upon receipt of a complaint?	The officer concerned must issue a written decision within 5 working days of receipt of the complaint advising of what corrective actions have been taken or reasons for rejection. (Rule 57-4 and schedule II)
3.	In the event of an appeal to the CPTU, was a review panel formed in appropriate manner by an appropriate authority under Rule 58?	The complainant may appeal to a CPTU review panel if they have exhausted all their options of complaint with the administrative authority. The review panel should be formed of three members- one having experience in procurement, contract management practices and complaint and dispute settlements to be

	Questions	Guiding Notes
		nominated by the Federation of Bangladesh Chamber of Commerce (FBCCI), one having experience in procurement related legal matters, one well-reputed specialist having relevant technical expertise and experience in public procurement.
4.	Were procedures set for conducting affairs by the Review Panel in accordance with Rule 58(5)?	The CPTU should issue a detailed work procedure governing the functioning of the review panel.
5.	Did the complainant submit complaints in a proper manner and time described in Rule 57 (1)?	A complainant should submit his or her complaint in writing within 7 days of becoming aware of the circumstances giving rise to the complaint.
6.	Was the referral of complaints sent to Review Panel in due manner in due time under Rule 59?	The CPTU should form the review panel within 5 days of the complaint being received and advise the secretary of the concerned ministry at the same time. No decision should be taken on the awarding of a procurement contract until a decision about the complaint has been issued by the panel.
7.	Was the conduct of review by Review Panel made in proper manner under Rule 59 and 60?	The review panel should issue its written decision within 12 working days of the date of its receipt.
8.	Did the Procuring Entity take proper measures in accordance with the decision of the Review Panel?	The decision of the review panel shall be final and available for inspection by the general public as long as it does not contravene applicable laws. (Rule 60-5 and 60-6)

19.7.2 Module 7: Auditing Complaint Disposal-Interpretive Notes

Questions	Guiding Notes
Questions 1 – 2	Auditor shall review this part as per provisions introduced in Chapter 3 - Part 12 of PPR 2008

19.8.1 Module-8: Information Management

The questions in this section should be viewed in conjunction with the information management questions in Stage 1 -module A. This module is aimed at assessing information management within and outputs from the procurement function. The questions should be aimed at the head of the procurement function and the board level director responsible for procurement.

Part A: Management Information and Reporting at Board Level

	Questions	Guiding Notes
1.	Is there sufficient management information at board level, particularly with regard to spend information to enable deliberation of strategic and policy issues and for the appropriate decisions to be taken?	Q.1- Q.5 are aimed at establishing the level of management information and reporting from the procurement function to the Board of the organisation.
2.	Does the board ratify major decisions on, for example, the letting of major contracts?	
3.	Is there monitoring and monthly reporting on the outcomes of major procurement initiatives at board level in the organisation?	
4.	If targets are set, does the board receive information on cost reductions against targets?	
5.	Are the results of spend analyses and potential costs reduction opportunities presented at board level?	

Part B- Spend Information

	Questions	Guiding Notes
6.	Are regular analyses undertaken of the organisation's total procurement expenditure?	<p>Q. 6 – Q. 9 are aimed at establishing the frequency and depth of spend analyses and the extent to which the spend analyses have led to tangible benefits.</p> <p>Supporting documentation to request:</p> <p>Most recent spend Analysis</p>
7.	How often is the spend analysis undertaken?	
8.	Does the analysis identify trends in spend across categories, volume of suppliers and potential cost reduction opportunities?	
9.	Has the analysing of spend information led to cost reductions in your organisation?	

Part C-Supplier and Contract Information

	Questions	Guiding Notes
10.	Does the procurement function maintain a database of its suppliers?	<p>Q.10 and Q. 11 are concerned with the maintenance of a supplier / contractor database and best practice suggests that all the types of information identified in Question 10 should be included in supplier records.</p> <p>Supporting documentation to request:</p> <p>Data sheets from the supplier database</p>
11.	<p>Do the supplier records contain the following information?</p> <ul style="list-style-type: none"> a) Basic company and contact details b) Financial information including financial capability c) Supplier assessments and performance information (KPIs) d) Record of spend by product/service, by business unit e) Details of all contracts, confidentiality agreements with them f) Information on their position against competitors in their marketplace 	

	Questions	Guiding Notes
12.	Does the procurement function maintain a database of contracts?	<p>Q.12–Q.13 are concerned with the maintenance of a contracts database and best practice suggests that all the types of information identified in Question 12 should be included in supplier records.</p> <p>Q.13 (f) to (j) enable simple management checking of issues such as collusion/cartel behavior/ inside information (i.e. one bid much lower than others).</p> <p>Supporting documentation to request:</p> <p>Data sheets from the contracts database.</p>
13.	<p>Does the contracts database contain the following information?</p> <ul style="list-style-type: none"> a. Essential details of each contract including expiry and renewal information b. Tender documentation and proposals underpinning the contract c. Contact details of key supplier and customer personnel associated with the contract d. Volumes and spend against the contract e. Special conditions negotiated f. Organisations invited to tender for contracts. g. Organisations declining to submit a tender h. Organisations failing to bid i. Tender price for each contract j. List of bids submitted 	

Part D -Market and Supplier Intelligence

	Questions	Guiding Notes
14.	Is ongoing research undertaken by the procurement function into the key commodity markets in which it operates?	<p>Questions 14-16 are aimed at indicating the extent to which the procurement function gathers the intelligence it needs to function effectively in the marketplace.</p> <p>Supporting documentation to request:</p> <p>Recent market intelligence reports.</p>
15.	Is there ongoing research undertaken into companies that are influential in the key markets in which the procurement function is operating?	

	Questions	Guiding Notes
16	Does the procurement function distribute market and supplier intelligence within the organisation?	

19.8.2 Module-8: Information Management- Interpretive Notes

Questions	Guiding Notes
<p>Part A – Management information and Reporting</p> <p>(Questions 1 – 5)</p>	<p>Q.1–Q.5 are aimed at establishing the level of management information and reporting from the procurement function to the Board of the organisation.</p> <p>The level of support and direction from the Board will be dictated by the quality of management information and the extent of reporting by the procurement function.</p>
<p>Part B – Spend Information</p> <p>(Questions 6 – 9)</p>	<p>Q.6 – Q.9 are aimed at establishing the frequency and depth of spend analyses and the extent to which the spend analyses have led to tangible benefits.</p> <p>Every procurement professional knows that the effectiveness of cost reduction initiatives rely on the quality and depth of the spend information available to them. Given the regularity with which circumstances change over time it is advisable that procurement functions undertake an in depth spend analysis annually. The spend analysis should go into the spend by category, by business unit and by supplier. It should also be done in conjunction with a thorough analysis on current sourcing strategies/policies by category area.</p>
<p>Part C – Supplier and Contract Information</p>	<p>Q.10 and Q. 11 are concerned with the maintenance of a supplier database and best practice suggests that all the types of</p>

Questions	Guiding Notes
(Questions 10 – 13)	<p>information identified in Question 10 should be included in supplier records. The information identified in Question 10 is essential for successful supplier relationship and performance management.</p> <p>Q.12 and Q. 13 are concerned with the maintenance of a contracts database and best practice suggests that all the types of information identified in Question 12 should be included in supplier records.</p>
Part D – Market and Supplier Intelligence (Questions 14 – 16)	<p>Q.14–Q.16 are aimed at indicating the extent to which the procurement function gathers the intelligence it needs to function effectively in the marketplace.</p> <p>Without good intelligence, the likelihood of achieving optimal supply chain management and real value for money (VFM) is greatly diminished. If its understanding of the market is insufficient or out of date, the procurement function will be able to advise business units on market conditions and the optimal timing of market testing.</p> <p>In some organisations, the procurement function demonstrates its added value to the overall business by distributing market and supplier intelligence in the form of bulletins, or as an online resource to senior management and in particular the heads of business units so that they are educated into the dynamics of the marketplaces in which they will require the procurement function to source goods and services on their behalf.</p>

18.9.1 Module-9: E-Procurement

This Module is only to be Utilised for Organizations Which Carry Out E-procurement

Part A-General

	Questions	Guiding Notes
1	What e-procurement system does the organisation use?	If e-procurement is done, the system is likely to be e-GP.
2	What proportion of the organisation's procurement spends is via e-procurement?	Obtain figures in cash and percentage terms for e-procurement and non e-procurement to evaluate how significant e-procurement spends is. If e-procurement spend by the organisation is not significant, do not proceed further with the module, but ask the organisation why it is not more significant and consider recommending that it should be boosted.
3	Obtain a list of all procurements carried out using e-GP during the period being audited, along with contract values.	Ask the organisation to provide this list.

Part B–Sample Testing

	Questions	Guiding Notes
4	Use the listing per step 3 to select a sample of contracts to be audited. Ensure that all main procurement types (as specified in rules 60 and 61) are included.	Follow guidance on audit sampling as set out in annex K of the financial and compliance audit manual, and ensure that higher risk procurement types are included.
5	For all sample contracts, test to confirm that the procurement was genuine, involved a bona fide supplier and pertained to the organisation (note: relevant documentation should be kept electronically on the e-GP system).	This tests the following audit assertion: Occurrence - transactions and events that have been recorded have occurred and pertain to the entity.
6	Select a separate sample of high value payments from the bank statement during the period being audited. For each of these sample items, check that there is a valid e-GP record for example- contract or completion statement (where the sample selected item was procurement).	This tests the following audit assertion: Completeness - all transactions and events that should have been recorded have been recorded.
7	For each sample procurement, check that the amount paid agrees to the supporting documentation on e-GP ensuring that there has been no overpayment or duplicate payment (use a list of all payments to check for duplicate payments, Use IDEA if possible).	This tests the following audit assertion: Accuracy - amounts and other data relating to recorded transactions and events have been recorded appropriately.
8	Apply tests from the other modules as appropriate for sample procurements from e-GP to ensure that the public procurement rules 2008 have been properly applied and there is adequate evidence on e-GP that each stage of the rules has been fully observed.	This is a compliance audit test which tests the following audit assertion: Regularity – A transaction is considered to be regular if it is in accordance with: <ul style="list-style-type: none"> - authorising legislation; - regulations issued under governing legislation; - Parliamentary authorities; and - Treasury authorities.

Part C–Logical Access Controls

	Questions	Guiding Notes
9	What is the process for adding a new user to e-GP?	The auditor should assess the adequacy of this process. Any weakness relating to this process should be raised in the audit report.
10	Obtain a list of all new users added to e-GP during the period being audited.	It should be possible to obtain such a listing. If this is not available, the lack of same should be raised in the audit report.
11	Select a sample of new e-GP users from the list above ensuring there is coverage of all user types (procurer, authoriser, administrator, etc). For each sample item, check that there is evidence of appropriate authority for the new user (e.g. an appropriately senior member of staff authorised the new user) and that the access granted is not incompatible with good separation of duties (e.g. initiators of procurements should not also authorise procurements).	The audit report should detail cases where there is a lack of evidence for new e-GP users or where the separation of duties is inadequate.
12	Ask how many administrator accounts there are on e-GP. If they appear excessive compared with the organisations needs, enquire why so many are needed.	Administrator access should be kept to a minimum. If it is not, this system weakness should be raised in the audit report.
13	Obtain a list of procurement authorisers on e-GP and also a list of delegated signing authorities for budgetary control. Compare the two lists. Enquire where the e-GP signature limit exceeds the delegated authority.	If there was no good reason, e-GP delegated authority limit exceeding delegated authority is an exception to be detailed in the audit report (a potential risk of regularity failure).

	Questions	Guiding Notes
14	Enquire about the process for deleting the access to e-GP, of those who no longer need it.	If deletion of lapsed users (or amendment of user accounts to change access limits on moving) is inadequate, this weakness should be raised in the audit report.
15	Obtain listings of all staff who have left the procuring organisation being audited and also all staff who have had internal transfers. From this list select a sample of leavers and transferees who had a procuring role before leaving/transferring. For each sample item, check that the e-GP access was terminated or amended as appropriate on the correct date.	

Part D–Audit Trail Report

	Questions	Guiding Notes
16	Obtain the audit trail report for e-GP for the organisation being audited for the period being audited. Enquire as to what review has been done of the report – were any inappropriate user actions identified from the report and what action was taken for these.	If the auditor considers that inadequate review was done of the report, or that inadequate action was taken in respect of inappropriate actions identified, raise this control weakness in the audit report.
17	Take a sample of user actions from the above report, focusing on unusual actions for which no follow up action was taken by the review. For each seek evidence that the action was appropriate.	Where follow up action was inappropriate, evaluate the consequences – was there a breach of the procurement rules? Consider raising the issue in the audit report.

Part E –New Suppliers and Changes to Supplier Details

	Questions	Guiding Notes
18	Obtain a listing of all new suppliers added to e-GP for the period being audited, with volume of procurement for each during the period.	It should be possible to obtain such a listing. If it is not available, the lack of same should be raised in the audit report.
19	Select a sample from the above listing focusing on high value suppliers. For each sample item, ask to see the 8 supporting documents (there is a requirement for 8 documents for each new supplier to evidence that they are genuine).	Where there is inadequate documentation that the new supplier is genuine raise the issue in the audit report.
20	Ask for a listing of changes to supplier details (e.g. change to bank details) for the period being audited. Select a sample from this listing and for each sample item ask to see evidence that the change to supplier details is bona fide.	Where there is inadequate documentation that the change to supplier details is genuine raise the issue in the audit report.

Part F -Complaints

	Questions	Guiding Notes
21	Obtain details of complaints pertaining to the organisation and period being audited. These should be contained in the complaint management field on e-GP.	Where the auditor considers that inadequate/no action was taken in respect of the complaints, raise this issue as a system control weakness in the audit report.
22	Enquire as to what action was taken in respect of these complaints – is there any evidence for the action that was taken?	
23	Select a sample of complaints from the details obtained per the above test. For each sample item ask to see evidence of what action was	

	Questions	Guiding Notes
	taken to investigate/address the complaint. Refer to module 7 above for further details on complaint handling procedures.	

Part G—Backup Routines and Business Continuity Planning

	Questions	Guiding Notes
24	Obtain details of what the e-GP backup routines are for the data on the e-GP system for the client and period being audited. Assess whether backups are taken frequently enough and stored in a remote location free from the risk of fire/flood/other disaster (natural or otherwise).	Where the auditor considers that backup routines are inadequate, raise this issue as a system control weakness in the audit report.
25	Ask for evidence that a backup has been used on a test basis, to verify that all essential data from the e-GP system could be reconstituted from the backups.	
26	Obtain the business continuity plan for the e-GP system. Consider whether it is adequate/follows best practice.	Where the auditor considers that the business continuity plan is inadequate, raise this issue as a system control weakness in the audit report.
27	When was the last occasion that the business continuity plan was tested?	It is best practice to test a business continuity plan regularly (ideally annually for systems such as e-GP). Where this has not been done at all, or not been done recently, raise this system weakness in the audit report.
28	Ask for evidence of the last BCP test being done and details of what went wrong/what went well/what improvements were identified	There should have been an evaluation of the last BCP test to identify what went

	Questions	Guiding Notes
	as being necessary. Ask for evidence that the improvements identified as being necessary have been addressed.	wrong/what went well/what improvements were identified as being necessary. Where improvements were identified as being necessary these should have been actioned. Where this is not the case, the auditor should raise this issue as a system weakness in the audit report.

19.9.2 Module-9: E-Procurement - Interpretive Notes

Questions	Guiding Notes
General (Questions 1 – 3)	Q.1 – Q. 3 This is basic background material that is needed to continue with further testing in this module. If it is not available, raise this weakness in documentation in the audit report but proceed with the other questions in the module that can still be addressed.
Sample Testing (Questions 4 – 8)	Q. 4 – Q. 8 The auditor should use his judgment as to what sample tests should be applied and as to the sample selection methodology that is most appropriate, e.g. monetary unit sampling, risk based, bias for larger procurements, purely random selection. Also the auditor should consider what other tests are appropriate from other modules to assess whether there is adequate evidence that the Public Procurement Rules have been complied with and that assurance has been obtained towards all relevant audit assertions.
Logical Access Controls (Questions 9 – 15)	Q.9- Q.15 The auditor should consider the degree to which the organisation being audited has implemented appropriate logical access controls for the e-GP system. Q.12 The administrator privileged access should be kept to a minimum (the number of administrator accounts should not be high and be restricted to those who really need this access).
Audit Trail Report	Q. 16 & Q. 17 This report is a key control over the e-GP system only if it is used adequately to identify and investigate inappropriate user actions.

Questions	Guiding Notes
(Questions 16 & 17)	Any failure to do this adequately should be raised as a weakness in the audit report.
New suppliers and changes to supplier details (Questions 18 – 20)	Q.18 – Q. 20 There needs to be careful control over the addition of new suppliers to the e-GP system and changes of supplier details. In the absence of such controls, there is the risk that suppliers could be set up that are not bona fide, or that payments to legitimate suppliers be diverted fraudulently.
Complaints (Questions 21 – 23)	Q. 21 – Q. 23 Complaints should be thoroughly investigated and appropriate action should be taken to address any errors or wrong doings. If such action is not taken adequately this weakness should be raised in the audit report.
Back up Routines and Business Continuity Planning (Questions 24 – 28)	There should be appropriate back up routines for the e-GP system so that if there is a system failure, the data can be restored from back up files. Similarly, there should be an adequate business continuity plan for the e-GP system in case of fire/flood other disaster either natural or otherwise. The plan should be tested regularly (ideally at least annually), and lessons should be learnt from the results of the testing.

19.9.3 Module 10: Audit Steps on matters of Conflict of Interest, Collusive practices and Corruptions in Procurement

Public procurement is vulnerable to conflicts of interest, Collusive practices and Corruptions. Selecting a contractor or consultant to provide supplies or services provides opportunities for conflicts as personal and professional connections can influence choice. For example, someone could influence the tender procedure to allow a relative, friend or commercial or financial partner to increase their chances of success. They could leak information on the tendering procedure, bias the selection criteria or influence the final evaluation. In light of this, there are provisions within the Public Procurement Act (**PPA**) and Public Procurement Rules (**PPR**) addressing these areas of procurement process. Some of the provisions include:

PPA 2006 (28) A person or an organization and any of its affiliates shall if previously engaged by a procuring entity to provide intellectual and professional services or implementation of a project, be ineligible to supply goods, execute works or provide services directly arising or resulting from that

project except in relation to the execution of a turnkey or design and construction contract as a contractor.

PPA 2006 (64)(1) No officer or member of staff engaged in the procurement of goods, works or services under this act shall undertake or attempt to undertake any procurement of goods, works or services in contravention of any provisions of this Act or any rules made in pursuance of this Act.

PPA 2006 (64)(2) A procuring entity shall, during the process of procurement and execution of contract ensure that its officers and members of staff do not engage in any corrupt, fraudulent, collusive or coercive practices and similarly, a tenderer or a consultant or a Person, as defined in this Act shall abide by the code of ethic and ensure that neither it nor any members of its staff or any other intermediaries working on its behalf engage in any such practices.

PPR 2008 (55)(1) Applicants shall have an obligation to disclose any situation or actual conflict of interest that impacts their capacity to serve the best interest of the Client or that may reasonably be perceived as having the effect and failure to disclose such situations may lead to the disqualification of the Consultant or the termination of its Contract.

PPR 2008 (55)(2) The Consultant, including any of its affiliates or associates, in deference to the requirements that the Consultant provides professional and objective advice and at all times hold the Client's interest paramount, shall strictly avoid conflicts with other assignments or its own corporate interests, and act without any consideration for the award of a future work.

PPR 2008 (55)(3) If any Person has earlier been engaged by a Procuring Entity to supply Goods, perform Works or provide physical Services for a project, then that Person and any of its affiliates shall be disqualified from providing consulting services related to those Goods, Works or Services.

PPR 2008 (55)(4) If any Person hired to provide consulting Services for the preparation or implementation of a project, then that Person and any of its affiliates, shall be disqualified from subsequently supplying Goods, providing consulting services, performing physical services or works resulting from or directly related to the Person's earlier consulting services.

PPR 2008 (55)(5) A Consultant, its Personnel and Sub-consultants or any of its affiliates shall not be hired any assignment that may be in conflict with identical assignment of the Consultant to be performed for the same or for another Procuring Entity.

PPR 2008 (55)(6) A Consultant, its personnel and Sub-consultant, that has a business relationship with a member of the Client's staff involved in the procurement proceedings may not be awarded a Contract, unless the conflict stemming from this relationship has been addressed adequately throughout the selection process of the Consultant.

PPR 2008 (55)(7) Procuring Entity officials, who have an interest, directly or indirectly, with a firm or individual that is tendering or has tendered for a procurement proceedings of that Entity shall declare its relationship with that firm or individual and consequently not participate in any proceedings concerned with that specific Procurement at any stage including from when the specifications are written and qualification criteria are established up to the Supply of Goods or performance of the Works are completed and, until all contractual obligations have been fulfilled.

To ensure compliance with above provisions and also identify and report on other opportunities for conflict of interest, collusive practices, auditors are required to give consideration to the following audit steps:

Situation	Audit Step
Conflict of Interest	<ol style="list-style-type: none"> <li data-bbox="651 674 1407 877">1. Review the system in place to manage conflict of interest. Ensure it requires staff and contractors to routinely declare all private, personal and financial interests relevant to decision making, management of contract and giving policy advice. <li data-bbox="651 909 1407 1192">2. Review a selection of procurement activities during the period and ensure staff, contractors and sub contractors have made declarations regarding any conflict of interest in the award, execution and monitoring of the contracts. Perform test to confirm that the declarations have been reviewed and appropriate action taken at the appropriate level of authority within the procuring organization. <li data-bbox="651 1224 1407 1339">3. Through review of records and enquiries, establish that undeclared interests that subsequently come to light has been treated as a breach and a disciplinary offence. <li data-bbox="651 1371 1407 1444">4. Review pattern of spending with suppliers and follow-up on any unusual trend observed. <li data-bbox="651 1476 1407 1602">5. Review the involvement of Staff, Contractors and Consultants in a sample of procurements and establish compliance with the provisions of the procurement rules.

<p>Collusion and Corruptions</p>	<ol style="list-style-type: none"> 1. Review procurements during the period and ensure the procurement process was followed and enforced. Investigate instances of breaches – e.g. failure to observe inbuilt segregation of duties or Contracts signed by member of staff not authorized to do so. 2. Review works carried out by applicable procurement committees in respect of a sample of tenders and confirm the committees scrutinised the tenders for possibility of collusion – same price offered by different tenders, consecutive numbers on bank drafts, similar suppliers details on different tenders, whether previous experience showed that different tenders were sent in by suppliers acting in syndicate etc. 3. Examine instances of the use of Single Tender Action (STA) and confirm legitimate reasoning has been provided for STA and approved at the appropriate level of authority 4. Review a high value purchases and confirm to valid supporting evidence. Obtain further clarifications where considered necessary 5. For one time vendors, test to establish applicable purchase order was authorized before payment made, payment authorized according to the scheme of Delegation/authorized signatory list and confirm appropriate segregation of duties between accounts payable and procurement department for setting up new vendors 6. Benchmark costs against framework rates/catalogues or hourly rates against national frameworks, challenge observed discrepancies as appropriate 7. Review suppliers standing data against standing data of staff involved in procurement and query any instances of matching observed.
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Attachments

Definitions (As per rule 2 of PPR 2008)

- (1) "**Act**" means The Public Procurement Act, 2006 (Act 24 of 2006).
- (2) "**Administrative Authority**" means the concerned Procuring Entity, Head of the Procuring Entity and Secretary of the Ministry or Division respectively.
- (3) "**Advertisement**" means an advertisement published under Section 40 in newspapers, websites or any other mass media for the purposes of wide publicity.
- (4) "**Applicant**" means a Person who seeks to become enlisted under the Limited Tendering Method under Section 32 (a) of the Act or to be pre-qualified in response to an Invitation for Pre-Qualification under Part-2 of Chapter Six of the Act, or to be short-listed in response to a request for Expression of Interest under Section 54 of the Act.
- (5) "**Approval Procedures**" means the approval procedures of a Tender or a Proposal as detailed in Rule 36.
- (6) "**Approving Authority**" means the authority which, in accordance with the Delegation of Financial Powers, approves the award of contract for the Procurement of Goods, Works or Services.
- (7) "**Code of Ethics**" means the set of conditions and provisions which a Person shall abide while participating in public Procurement.
- (8) "**Completion Date**" is the date of completion of the Works as certified by the Project Manager.
- (9) "**Conflict of Interest**" means any situation where personal or business interests of any Person in a public Procurement transaction would adversely affect the interest of a Procuring Entity in achieving economy, efficiency, transparency, fairness and equal treatment of Tenders or Proposals.
- (10) "**Consultant**" means a Person under contract with a Procuring Entity for providing intellectual and professional services.
- (11) "**Contractor**" means a Person under contract with a Procuring Entity for the execution of any Works under the Act.
- (12) "**Contract Price**" is the price stated in the Notification of Award and thereafter as adjusted in accordance with the provisions of the Contract.
- (13) "**CPTU**" means the Central Procurement Technical Unit, established by the government in the Implementation Monitoring and Evaluation Division of the Ministry of Planning, for carrying out the purposes of the Act and these Rules.
- (14) "**Days**" means calendar days unless otherwise specified as working days.
- (15) "**Day Works**" means work carried out following the instructions of the Procuring Entity or the authorised project manager and is paid for on the basis of time spent by the Contractor's workers and equipment at the rates specified in the Bill of Quantities (BOQ), in addition to payments for associated Materials and Plant.
- (16) "**Defect**" is any part of the Works not completed in accordance with the Contract.
- (17) "**Defects Correction Certificate**" is the certificate issued by Project Manager upon correction of defects by the Contractor.

- (18) "**Defects Liability Period**" is the period named in the Contract and calculated from the Completion Date.
- (19) "**Delegation of Financial Powers**" means the instructions with regard to the delegation of financial authority, issued by the Ministry of Finance from time to time, relating to the conduct of public Procurement or sub-delegation of financial powers under such delegation.
- (20) "**Delegated Procurement**" means a procurement undertaken by a specialized Procuring Entity on behalf of a Ministry, Division, Department or Directorate when the beneficiary entity delegates the task to such Procuring Entity.
- (21) "**e-GP**" means procurement by a Procuring Entity using electronic processing systems.
- (22) "**Evaluation Committee**" means a Tender or a Proposal Evaluation Committee constituted under Section 7 of the Act.
- (23) "**Evaluation Report**" means the report prepared after the evaluation of Tenders, Quotations, Expressions of Interest or Proposals.
- (24) "**Force Majeure**" means an event or situation beyond the control of the Contractor, a Supplier or Consultant that is not foreseeable, is unavoidable, and its origins not due to negligence or lack of care on the part of the Contractor; such events may include, but not be limited to, acts of the Government in its sovereign capacity, wars or revolutions, fires, floods, epidemics, quarantine restrictions, and freight embargoes.
- (25) "**Form**" or "**Format**" means a form or a format appended to these Rules and to the standard Documents issued there under.
- (26) "**Framework Contract**" means a contract, effective for a given period of time, between one or more Procuring Entities and one or more Suppliers, establishing the terms governing the Procurement of Goods and related Services, with regard to price, and, where appropriate, the quantity or quantities envisaged.
- (27) "**Goods**" means raw materials, products and equipment and objects in solid, liquid or gaseous form, electricity, and related Services if the value of such Services does not exceed that of the Goods themselves.
- (28) "**Head of the Procuring Entity**" means the Secretary of a Ministry or a Division, the Head of a Government Department or Directorate; or the Chief Executive, by whatever designation called, of a local Government agency, an autonomous or semi-autonomous body or a corporation, or a corporate body established under the Companies Act.
- (29) "**Intellectual and Professional Services**" means Services performed by Consultants with outputs of advisory, design, supervision or transfer of a knowhow nature.
- (30) "**Intended Completion Date**" is the date on which it is intended that the Contractor shall complete the Works as specified in the Contract and may be revised only by the Project Manager by issuing an extension of time or an acceleration order.

- (31) **"in writing"** means communication written by hand or machine duly signed and includes properly authenticated messages by facsimile or electronic mail.
- (32) **"Multiple Dropping"** means submitting Tenders to more than one place as designated by the Procuring Entity.
- (33) **"Opening Committee"** means a Tender Opening Committee (TOC) or a Proposal Opening Committee (POC) constituted under Section 6 of the Act.
- (34) **"Person"** means and includes an individual, body of individuals, sole proprietorship, partnership, company, association or cooperative society that wishes to participate in Procurement proceedings.
- (35) **"Physical Services"** means the following services with measurable outputs, either-
- (a) linked to the supply of Goods or execution of Works such as operation and maintenance of facilities or plant, surveys, exploratory drilling, or
 - (b) stand-alone service type contracts such as security services, catering Services, geological Services or third party Services.
- (36) **"Pre-Qualification"** means a procedure for demonstrating qualifications as a pre-condition for being invited to Tender.
- (37) **"Primary place"** means the office of the Procuring Entity where all Tenders shall be received and opened.
- (38) **"Procurement"** means the purchasing or hiring of Goods, or acquisition of Goods through purchasing and hiring, and the execution of Works and performance of Services by any contractual means.
- (39) **"Procuring Entity"** means a Procuring Entity having administrative and financial powers to undertake Procurement of Goods, Works or Services using public funds.
- (40) **"Project Manager"** is the person named in the Contract or any other competent person appointed by the Procuring Entity and notified to the Contractor who is responsible for supervising the execution of the Works and administering the Contract.
- (41) **"Provisional sums"** means amounts of money specified by the Procuring Entity in the Bill of Quantities which shall be used, at its discretion, for payments to nominated Subcontractors and other purposes detailed in the Tender Documents.
- (42) **"Public funds"** means any funds allocated to a Procuring Entity under Government budget, or loan, grants and credits placed at the disposal of a Procuring Entity through the Government by the development partners or foreign states or organizations.
- (43) **"Public Procurement"** means Procurement using public funds.
- (44) **"Quality"** means quality of Goods, Works or Services.
- (45) **"Quotation"** means the priced offer in writing received from Tenderers for the Procurement of readily available standardised Goods, Works or physical Services subject to the threshold value as prescribed by these Rules.

- (46) "**Related Services**" means Services linked to the supply of Goods contracts.
- (47) "**Responsive**" means qualified for consideration on the basis of evaluation criteria so declared and specified in the Tender Document or in the request for Proposal Document.
- (48) "**Review Panel**" means a panel comprised of specialists to review complaints submitted by a Person.
- (49) "**Schedule**" means a schedule appended to these Rules.
- (50) "**Secondary place**" "means the other place(s), designated by the Procuring Entity in exceptional cases, where Tenders can be dropped but not opened.
- (51) "**Services**" means goods related Services, physical Services, or intellectual and professional Services.
- (52) "**Short-list**" means a list of Applicants deemed suitable to be invited to submit Proposals for intellectual and professional Services following the evaluation of Expressions of Interest.
- (53) "**Sub consultant**" means any person or entity to whom/which the Consultants sub-contract any part of the Services.
- (54) "**Subcontractor**" is a person or corporate body who has a Contract with the Contractor to carry out a part of the work in the Contract, which includes work on the Site.
- (55) "**Supplier**" means a Person under contract with a Procuring Entity for the supply of Goods and related Services under the Act.
- (56) "**Tender or Proposal**", depending on the context, means a Tender or a Proposal submitted by a Tenderer or a Consultant for delivery of Goods, Works or Services to a Procuring Entity in response to an Invitation for Tender or a Request for Proposal; and for the purposes of the Act, Tender also includes quotation.
- (57) "**Tender Document or Request for Proposal Document**", means the Document provided by a Procuring Entity to a Tenderer or a Consultant as a basis for preparation of its Tender or Proposal.
- (58) "**Tenderer**" means a Person who submits a Tender.
- (59) "**Works**" means all Works associated with the construction, reconstruction, site preparation, demolition, repair, maintenance or renovation of railways, roads, highways or a building, an infrastructure or structure or an installation or any construction work relating to excavation, installation of equipment and materials, decoration, as well as physical Services ancillary to Works, if the value of those Services does not exceed that of the Works themselves.

Audit information requirements

Some organisations may not be able to provide information easily and quickly. Auditors should move to the next step without waiting for long, if these are not readily available.

Key Information Required	Guiding Notes
Procurement policy and guidelines	If an organisation does not have such documents there is likelihood that uniformity in procurement functions will be absent, applications of PPR will vary widely and efficiency gains will be minimised sometimes resulting in significant non-compliance and less optimal value for money.
Organisational structure – particularly hierarchy of procurement staff	This will provide a quick understanding of how procurement staff is structured, their relative seniority, chain of command and who they report to. It also provides names of staff that auditor can target to interview and is therefore a useful checklist. It will help to identify the stages or levels at which breaches started, continued and culminated and auditors can suggest areas for use of breaks and changes.
Financial regulations regarding procurements including spend authority levels and terms of payments	The entity should have guidelines prescribing authority levels for purchase order approvals and payment terms for contractors and suppliers. The risk of unauthorised procurement practices will be significantly higher when an entity lacks these guidelines.
List of top ten-twenty contractors, suppliers and service providers including payments disbursed to them respectively	This would provide a quick understanding as to the type of highest value purchases and names of contractors etc who were paid the most.
Procurement spend analysis and particulars of outstanding payables for procurements	The analysis would help to understand what the entity spends its money on, with which suppliers and on which goods/works/services. If outstanding payable balances are too high there are possibilities that contracts/orders have been placed beyond budgetary arrangements or that purchase rates could be more competitive.

Key Information Required	Guiding Notes
Internal audit and investigation reports	These will provide valuable information on any problems and issues that have surfaced and whether any remedial action has been implemented. This will enable auditor to decide which module to be selected for detailed audit at stage two.

PPR Limits, Conditions, Timeframe as per Schedule II of PPR 2008

Rule	Times, Values, etc
7	<p>Constitution of Tender or Proposal Opening Committee</p> <p>1(one) member from the TEC or PEC and 2(two) other members from the concerned Procuring Entity and other agencies as below -</p> <p>(a) Chairperson;</p> <p>(b) Member;</p> <p>(c) Member-Secretary.</p>
8(1),	<p>Tender or Proposal Evaluation Committee</p> <ul style="list-style-type: none"> ➤ Minimum five (5) and normally not exceed seven (7) members. ➤ Two (2) of at least whom shall be from outside the Ministry or Division or agencies under it; ➤ At last five (5) members including one (1) outside members shall attend the Evaluation process and sign the Evaluation Report; ➤ For National Flag carriers and Bangladesh Embassy or Mission Abroad at least 3 (Three) from the same procuring entity.
8(2) &	<p>Tender or Proposal Evaluation Committee for low value Procurement</p>
8(8)	<ul style="list-style-type: none"> ➤ Minimum three (3) members of whom one (1) member shall be selected from another agency or another Procuring Entity under the same Ministry, Division or agency.
	<p>Value of goods and related services</p> <ul style="list-style-type: none"> ➤ Up to Tk. 25 (Twenty Five) lac. for Procurement under Open Tendering and Limited Tendering Methods; ➤ Up to Tk. 500,000 (Five Lac.) for Procurement under Direct Procurement Method; ➤ Up to Tk. 500,000 (Five Lac.) for Procurement under Request for Quotation Method; ➤ Up to Tk. 1500,000 (Fifteen Lac.) for Procurement for under Request for Quotation Method;
	<p>Value of Works and Physical Services</p> <ul style="list-style-type: none"> ➤ Up to Tk. 5,000,000 (Fifty Lac.) for Procurement under Open Tendering and Limited Tendering Methods; ➤ Up to Tk. 1,000,000 (Ten Lac.) for Procurement under Direct Procurement Method; ➤ Up to Tk. 1,000,000 (Ten Lac.) for Procurement under Request for Quotation Method.

Rule	Times, Values, etc
	<p>Procurement of Services</p> <ul style="list-style-type: none"> ➤ Up to Tk. 50 (Fifty) Lac. for Procurement of intellectual and professional Services under Least Cost Selection Method; ➤ Up to Tk. 10 (Ten) Lac. for procurement of intellectual and professional Services under Single Source Selection Method; ➤ Up to Tk. 2 (Two) Lac. for Procurement of unforeseen urgent Services under Request for Quotation Method.
8(8)	<ul style="list-style-type: none"> ➤ At least 3 (Three) shall attend the evaluation committee meeting for its legality.
8(14)	<p>Composition of Technical Sub-Committee</p> <ul style="list-style-type: none"> ➤ Maximum 3(Three) members
8(15)	<p>Fee or Honorarium per Evaluation Committee Member</p> <p>For Procurement of Tk. 10 (Ten) Crore or more:</p> <ul style="list-style-type: none"> ➤ Tk. 1500 (One Thousand and Five Hundred) per member per meeting, but maximum Tk. 6000(Six Thousand); <p>For Procurement above Tk. 1 (One) Crore up to Tk. 10 (Ten) Crore:</p> <ul style="list-style-type: none"> ➤ Tk. 1000 (One Thousand) per member per meeting, but maximum Tk. 3000 (Three Thousand); <p>For Procurement above Tk. 10 (Ten) Lac. up to Tk. 1 (One) Crore:</p> <ul style="list-style-type: none"> ➤ Tk. 500 (Five Hundred) per member per meeting, but maximum Tk. 1,500 (One Thousand Five Hundred); <p>For Procurement up to Tk. 10 (Ten) Lac:</p> <ul style="list-style-type: none"> ➤ Tk. 300 (Three Hundred) per member per meeting, but maximum Tk. 900 (Nine Hundred); <p>Fee or Honorarium per Technical Sub- Committee Member</p> <p>For Procurement of Tk. 10 (Ten) Crore or more:</p> <ul style="list-style-type: none"> ➤ Tk. 1500 (One Thousand and Five Hundred) per member per meeting, but maximum Tk. 3000 (Three Thousand); <p>For Procurement above Tk. 1 (One) Crore up to Tk. 10 (Ten) Crore:</p> <ul style="list-style-type: none"> ➤ Tk. 1000 (One Thousand) per member per meeting, but maximum Tk. 2000 (Two Thousand);

Rule	Times, Values, etc
	<p>For Procurement above Tk. 10 (Ten) Lac. up to Tk. 1 (One) Crore:</p> <ul style="list-style-type: none"> ➤ Tk. 500 (Five Hundred) per member per meeting, but maximum Tk. 1000 (One Thousand); <p>For Procurement up to Tk. 10 (Ten) Lac. :</p> <ul style="list-style-type: none"> ➤ Tk. 300 (Three Hundred) per member per meeting, but maximum Tk. 600 (Six Hundred)
	<p>Value of Contracts when external Members of Evaluation Committee may be from other Procuring Entities established under the same Ministry or Division</p>
16(11)	<p>Posting Procurement Plan on CPTU's website</p> <ul style="list-style-type: none"> ➤ For Tk. 1 (One) Crore and above for Works, Goods and related Services ➤ For Tk. 50 (Fifty) Lac. and above for physical Services; and ➤ For Tk. 50 (Fifty) Lac. and above for intellectual and professional Services
18(1)(c)	<p>Time to provide minutes of the pre-Tender meeting</p> <ul style="list-style-type: none"> ➤ Maximum one (1) week
19(1) and 117(10)	<p>Tender or Proposal Validity Period</p> <ul style="list-style-type: none"> ➤ Normally between sixty (60) and One Hundred Twenty (120) days
21(2)	<p>Time for Requesting Extension of Tender or Proposal Validity</p> <ul style="list-style-type: none"> ➤ Not later than 10 (ten) days before the expiry date of the Tender or Proposal Validity
22(1)	<p>Maximum Ceiling of Bank Draft or Pay Order</p> <ul style="list-style-type: none"> ➤ Upto TK. 2 (Two) Crore
22(3) & (5)	<p>Amount of Tender Security</p> <ul style="list-style-type: none"> ➤ Not exceeding 3% (three percent) of the official estimated cost but as a fixed amount, in all cases, except for Item-by-Item Tenders
22 (4)	<p>Tender Security for Item-by-Item Tenders</p> <ul style="list-style-type: none"> ➤ Minimum 2% (Two percent) of the total value of the Tender in the case of Item-by-Item Tenders

Rule	Times, Values, etc
27(1)	<p data-bbox="327 331 726 363">Amount of Performance Security</p> <ul style="list-style-type: none"> <li data-bbox="347 388 1145 420">➤ 5% (Five percent) of the Contract price for divisible commodities <li data-bbox="347 430 1220 462">➤ 10% (Ten percent) of the Contract price for Goods and related Services <li data-bbox="347 472 1375 546">➤ 10% (Ten percent) of the Contract price for Works if provision for advance payment exists <li data-bbox="347 556 1375 630">➤ 5% (Five percent) to 10% (Ten percent) of the Contract price for Works if provision for advance payment does not exist <li data-bbox="347 640 1340 672">➤ 5% (Five percent) to 10% (Ten percent) of the Contract price for physical Services <li data-bbox="347 682 1375 808">➤ 5% (Five percent) of Contract Price for transportation of Goods and 5% (Five percent) of transported goods which will subsequently be applied for transportation <li data-bbox="347 819 1340 850">➤ 3% (Three percent) to 5% (Five percent) of the Contract price for Limited Tenders <li data-bbox="347 861 1173 892">➤ 10% (Ten percent) to be deducted from the bill of Security Deposit
27(2)	<p data-bbox="327 926 1375 999">Amount of Performance Security in case of Front Loading and significantly low quoted price than official Estimate</p> <ul style="list-style-type: none"> <li data-bbox="347 1029 1149 1060">➤ Maximum 25% (Twenty Five percent) of the total Contract Value
28(1)	<p data-bbox="327 1100 1292 1131">Percentage of Retention Money under Contracts for Works and physical Services</p> <ul style="list-style-type: none"> <li data-bbox="347 1150 1375 1224">➤ Not necessary if no advance payment has been effected and Performance Security of ten percent (10%) is submitted, <li data-bbox="347 1234 1375 1360">➤ The total percentage of Retention Money and Performance Security may not exceed ten percent (10%) if no advance payment has been made, except in the case under Sub-Rule 27(2) <li data-bbox="347 1371 1375 1444">➤ 10% (Ten percent) of Retention Money including Security Deposit for Works Contract upto TK. 2 (Two) Crore under Open Tendering Method
28(3)	<p data-bbox="327 1484 1045 1516">Time for return of Retention Money or the Bank Guarantee</p> <ul style="list-style-type: none"> <li data-bbox="347 1545 1375 1619">➤ Within 28 (Twenty-eight) days after the issue of the Certificate of Completion of Defect Liabilities
32	<p data-bbox="327 1659 1236 1690">Time Limit for Safe Custody of received Tenders, Applications and Proposals</p> <ul style="list-style-type: none"> <li data-bbox="347 1709 766 1740">➤ Maximum two (2) working days

Rule	Times, Values, etc
35(1)	<p>Time for notification to all Tenderers and Applicants by the Procuring Entity about rejection of all Tenders or proposals</p> <ul style="list-style-type: none"> ➤ Within 7 (Seven) days of decision taken by the Head of the Procuring Entity
36(4)(a)	<p>Time for Issuance of Notification of Award</p> <ul style="list-style-type: none"> ➤ Within 7 (Seven) working days of receipt of the approval but before expiry of the tender or proposal validity date
36(5)	<p>Quarterly Reports for Procurement proceeding</p> <ul style="list-style-type: none"> ➤ Tk.1 (One) Crore and above for Goods and related Services and, Works and Physical Services ➤ Tk. 50 (Fifty) Lac. and above for intellectual and professional Services
37(1)	<p>Posting of Contract Awards in CPTU's website:</p>
126(3)	<ul style="list-style-type: none"> ➤ Tk. 1 (One) Crore and above for Goods and related Services and Works and physical Services ➤ Tk. 50 (Fifty) Lac. and above for intellectual and professional Services
37(1) & 37(2)	<p>Time for posting Contract Awards in CPTU's website</p> <ul style="list-style-type: none"> ➤ Within 7 (Seven) days of issuance of the NOA for not less than a month
37(3) & 126(2)	<p>Publication of Contract Awards in Procuring Entity's Notice Boards and posting in its websites</p> <ul style="list-style-type: none"> ➤ Below Tk. 1 (One) Crore for Goods & related Services and Works & Physical Services ➤ Below Tk.50 (Fifty) Lac. for intellectual and professional Services
39(3)	<p>Extensions of Intended Completion Date</p> <ul style="list-style-type: none"> ➤ Up to 20% (Twenty percent) of the original Contract time ➤ Above 20% (Twenty percent) of the original contract approval of HOPE shall be required
39(4)	<p>39(4) Time for decision by the Procuring Entity to extend the Intended Completion Date</p> <ul style="list-style-type: none"> ➤ Within 21 (Twenty-one) days of the Contractor asking the Project Manager for an extension

Rule	Times, Values, etc
39(22)	<p>Time for payment to the Contractor</p> <ul style="list-style-type: none"> ➤ Within 28 (Twenty-eight) days of the date of each certificate
39(29)	<p>Certification of the Final Payment due to the Contractor</p> <ul style="list-style-type: none"> ➤ Within 56 (Fifty-six) days of receiving the Contractor's account if it is correct and complete
39(29)(a)	<p>Time Limit to issue Defects Liability Schedule</p> <ul style="list-style-type: none"> ➤ Within 56 (Fifty-six) days from the Contractor's request for Final Payment
39(33)	<p>Time Limit for the Procuring Entity to take over the Site and the Works</p> <ul style="list-style-type: none"> ➤ Within 7 (Seven) days of the Project Manager's issuing a certificate of Completion
43(1)	<p>Records of Procurement to be Maintained by a Procuring Entity</p> <ul style="list-style-type: none"> ➤ For a minimum period of 5 (five) years ➤ Longer than 5 (Five) years in special cases with the approval of the Head of Procuring Entity or an authorized officer
46 (1)	<p>Procurement Post Review</p> <ul style="list-style-type: none"> ➤ When volume of Procurement of a Procuring Entity in one particular financial year is more than Tk.10 (Ten) Crore
46 (1) & (6)	<p>Time for Procurement Post Review</p> <ul style="list-style-type: none"> ➤ Within nine (9) months of the end of each financial year
46 (3)	<p>Minimum Number & Percentage of Contracts for Procurement Post Review</p> <ul style="list-style-type: none"> ➤ Not less than 15% (Fifteen percent) of the number of contracts awarded in that year to be selected by the independent Consultant in such a manner as to cover at least 30% (Thirty percent) of the total contracts' value
52(3) (b)	<p>Formation of the Enlistment Committee</p> <p>Minimum of three (3) members, of which-</p> <ul style="list-style-type: none"> ➤ 1 (One) member may be from outside the Procuring Entity,

Rule	Times, Values, etc
	<ul style="list-style-type: none"> ➤ 1 (One) member may be from Procuring Entity, and ➤ 1 (One) member may represent the technical units of the concerned Procuring Entity
52(3) (d)	<p>Updating the Enlistment- Time by which the Procuring Entity shall notify Suppliers and Contractors of the annual meeting</p> <ul style="list-style-type: none"> ➤ At least 7 (Seven) days in advance of the meeting through advertisement
52(3)(e)	<p>Enlistment and Renewal Fee</p> <ul style="list-style-type: none"> ➤ Classified Enlistment Fee TK. 5 (Five) Thousand ➤ Classified Renewal Fee TK. 2 (Two) Thousand
54(2)	<p>Value of non Judicial stamp for execution of contracts relating to JVCA</p> <ul style="list-style-type: none"> ➤ Tk. 300 (Three hundred) or as required by the Government
	Time for Administrative Review of Complaints
57 (1)	➤ Within 7 (Seven) calendar days of becoming aware of the circumstances giving rise to the complaint
57 (4)	➤ Within 5 (Five) working days of receipt of the complain
57 (5)	➤ Within 3 (Three) working days after expiry of the fifth day of submission of complaint
57 (6)(a)	➤ Within 3 (Three) working days
57(6) (b)	➤ Within 5 (Five) working days of receipt of the complaint
57 (7)	➤ Within 7 (Seven) working days of receipt of the complaint
57 (8)	➤ Within 5 (Five) working days of receipt of the complaint
57(9)	➤ Within three (3) working days
57(12)	➤ Within seven (7) working days
	Registration Fee and Security Deposit for Complaint to Review Panel
57(12)(c)	<p>For potential estimated Contract price or Tender price:</p> <ul style="list-style-type: none"> ➤ Less than Tk. 1 (One) Crore, the Registration Fee shall be Tk. 10,000 (Ten thousand) and the Security Deposit shall be Tk. 50,000 (Fifty thousand)

Rule	Times, Values, etc
	<ul style="list-style-type: none"> ➤ Between Tk. 1 (One) Crore and Tk. 5 (Five) Crore, the Registration Fee shall be Tk. 15,000 (Fifteen thousand) and the Security Deposit shall be Tk. 100,000 (One Lac.) ➤ Above Tk. 5 (Five) Crore and up to TK. 10 (Ten) Crore, the Registration Fee shall be Tk. 20,000 (Twenty thousand) and the Security Deposit shall be Tk. 200,000 (Two Lac.) ➤ Above TK. 10 (Ten) Crore, the Registration Fee shall be Tk. 25,000 (Twenty-five thousand) and the Security Deposit shall be Tk. 500,000 (Five Lac.) ➤ For complaints concerning issues prior to Tender opening, the Registration Fee shall be Tk. 10,000 (Ten thousand) and the Security Deposit shall be Tk. 50,000 (Fifty thousand)
58(2)	<p>Number of well-reputed Specialists selected for Review Panels</p> <ul style="list-style-type: none"> ➤ Maximum of 10 (Ten) legal experts ➤ Maximum of 10 (Ten) technical experts of Public Procurement ➤ Maximum of 10 (Ten) specialists on Contract management
58(2)(b)	<p>Number of Review Panels</p> <ul style="list-style-type: none"> ➤ There shall be three to five (3 to5) Review Panels
58(4)	<p>Incentive or Honorarium per Review Panel Member</p> <ul style="list-style-type: none"> ➤ Maximum Tk. 2,500 (two thousand five hundred) per meeting but not exceeding five (5) meetings in total for review of one (1) complaint
59(1)	<p>Time for Selection of Review Panel</p> <ul style="list-style-type: none"> ➤ Within five (5) working days
60 (2)	<p>Time for disposal of complaints by Review Panel</p> <ul style="list-style-type: none"> ➤ Within a maximum of twelve (12) working days from the date of receipt of the complaint, the Review Panel shall issue its written decision
61(4)	<p>Time for preparation and submission of Tenders for National Procurement of Goods, Works and Physical Services under the Open Tendering Method from the date of advertisement</p> <ul style="list-style-type: none"> ➤ Not less than 14 (Fourteen) days for Procurement up to Tk. 2 (two) Crore ➤ Not less than 21 (Twenty-one) days for contacts above Tk. 2 (two) Crore and up to Tk. 5 (Five) Crore ➤ Not less than 28 (Twenty-eight) days for contacts above Tk. 5 (Five) Crore ➤ Not less than 10 (Ten) days for emergency Procurement following a catastrophe, ➤ 10 (Ten) days for re-Tendering to procure upto TK. 2 (Two) Crore; in case of

Rule	Times, Values, etc
	catastrophe situation 7(Seven) days and in other situation 14 (Fourteen) days
63 (2)	<p>Financial limit for use of Limited Tendering Method under Enlistment of Supplier and Contractor</p> <ul style="list-style-type: none"> ➤ Maximum Tk. 25 (Twenty Five) in the case of Goods and related Services and “stand alone Services” ➤ Maximum Tk. 2 (Two) Crore in the case of Works and physical Services
64(5)	<p>Time for preparation and submission of Tenders from the date of publication of advertisement in the newspaper under Limited Tendering Method</p> <ul style="list-style-type: none"> ➤ Not less than 14 (Fourteen) days ➤ Time for re-Tendering can be reduced to 7 (Seven) days ➤ 7 (Seven) days for Procurement under Rule 63 (b) and (c) ➤ Below 7 (Seven) days in the case of national disasters with the approval of Head of Procuring Entity
66(5)	<p>Time for submission of Technical Proposal in the 1st stage of Two-stage Tendering</p> <ul style="list-style-type: none"> ➤ 42 (Forty-two) days from the date of publication of advertisement in the newspaper
67(5)	<p>Time for submission of the Tender Evaluation Report of the 1st stage</p> <ul style="list-style-type: none"> ➤ 7 (Seven) days
68(3)	<p>The Minimum Time for Preparation for the 2nd stage in Two-stage Tendering</p> <ul style="list-style-type: none"> ➤ 21 (Twenty-one) days
69 (1) & 69(6) (a) &(c)	<p>Financial limit for RFQ of Goods and related Services and, Works and Physical Services</p> <p>Revenue Budget:</p> <ul style="list-style-type: none"> ➤ Maximum Tk. 10 (Ten) Lac. in each Procurement up to annual aggregate amount of Tk. 2 (Two) Crore for Goods and related Services ➤ Maximum Tk. 5 (Five) Lac. for Works and physical Services in each Procurement up to annual aggregate amount of Tk. 20 (Twenty) Lac <p>Development Budget:</p> <ul style="list-style-type: none"> ➤ Maximum Tk. 5 (Five) Lac. in each Procurement up to annual aggregate amount of Tk. 20 (Twenty) Lac. for Goods and related Services ➤ Maximum Tk. 10 (Ten) Lac. in each Procurement up to annual aggregate amount of

Rule	Times, Values, etc
	Tk. 40 (Forty) Lac. for Works and physical Services
69(6)(b)	Procurement for national Carriers
	➤ Maximum Tk. 15 (Fifteen) Lac. in each case
71(4)	Time limit for invitation under the RFQ Method
	➤ Less than 10 (Ten) days from the date of invitation for quotations
74(4)	Limit of Variation Order Limit, Additional Work Order, Repeat Order or Additional Order for supply of Goods
	➤ 15% (Fifteen percent) subject to a maximum of 50% of the original Contract price
	Value of Direct contracting of goods, works, services of very urgent or essential nature
76 (1) (J)	➤ Maximum Tk.50 (Fifty) Lac. in each Procurement up to annual aggregate amount of Tk.5 (Five) Crore
76 (1) (K)	➤ Maximum Tk.1 (One) Lac. in each Procurement up to annual aggregate amount of Tk. 5 (Five) Lac. with the approval of the HOPE
77(a)	Limit for Additional Deliveries of Goods and Repeat Orders
	➤ 15% (Fifteen percent) of the original Contract price
78(3)	Limit for Variation and Extra Work Orders for Works and physical services
	➤ 15% (Fifteen percent) of the original contract price
79(1)	Time for claiming for Variation Order
	➤ Within seven (7) calendar days of being aware of the need for the Variation Order
79(2)(c)	Timeframe for Processing of Variation Orders
	➤ Not exceeding thirty (30) days from its preparation to approval
80(4) (b)	Cumulative increase in value of Works on the project
	Does not exceed 10% (Ten percent) of the adjusted original Contract price

Rule	Times, Values, etc
81	<p>Annual Aggregate Amount for Direct Cash Purchase</p> <ul style="list-style-type: none"> ➤ Maximum Tk.5 (Five) Lac. but not exceeding Tk.25,000 (Twenty-Five thousand) in a single Procurement
82	<p>Annual Aggregate Amount for Procurement under Force Account</p> <ul style="list-style-type: none"> ➤ Maximum Tk. 200,000 (Two Lac) in each case
83(1)(a)	<p>Time for preparation and submission of Tenders for International Procurement of Goods and related Services and Works and physical Services</p> <ul style="list-style-type: none"> ➤ Not less than 42 (Forty-two) days from the date of publication of advertisement in the newspaper in case of Open Tendering Method ➤ Not less than 28 (Twenty-eight) days from the date of publication of advertisement in the newspaper in case of re-Tendering ➤ Not less than 42 (Forty-two) days from the date of publication of advertisement in the newspaper in 1st stage and not less than 21 (Twenty-one) days for preparation in 2nd stage in case of Two-Stage Tendering Method
83(1) (e) & 98(21)(e)	<p>Domestic preference for national Suppliers and Contractors</p> <ul style="list-style-type: none"> ➤ Maximum 15% (fifteen percent) of the delivered price for Goods ➤ Maximum 7.5% (seven and a half percent) of the contract price for Works
88(1) 88(2)	<p>Procurement by Embassies and National carriers</p> <ul style="list-style-type: none"> ➤ Maximum Tk. 15 (Fifteen) Lac. in each case ➤ Maximum Tk. 50 (Fifty) Lac. in each case.
90 (2)(c)	<p>Advertisement in Local and Regional Daily Newspapers</p> <ul style="list-style-type: none"> ➤ When the official estimated cost is Tk. 50 (Fifty) Lac. or below
90(2)(i)	<p>Posting of Procurement related notices in CPTU's Website</p> <ul style="list-style-type: none"> ➤ When the official estimated cost of Procurement is Tk. 1 (One) Crore and above for Goods and related Services and Works and physical Services ➤ When the official estimated cost of Procurement is Tk. 50 (Fifty) Lac. and above for intellectual and professional Services ➤ Advertisement shall be sent to the CPTU and the newspapers simultaneously

Rule	Times, Values, etc
91 (1)	Pre-Qualification Thresholds
	<ul style="list-style-type: none"> ➤ Construction Works above Tk. 35 (Thirty-five) Lac. ➤ Maintenance Works above Tk. 3 (Three) Crore and 50 (Fifty) Lac. ➤ Supply and installation of plant and equipment above Tk. 15 (Fifteen) Lac. ➤ Design and build infrastructure above Tk. 35 (Thirty-five) Crore ➤ Custom designed equipment above Tk. 3 (Three) Crore and 50 (Fifty) Lac. ➤ Management contracts above Tk. 35 (Thirty-five) Crore
91(4)	Time allowed for Applicants to prepare their Applications for Pre-Qualification
	<ul style="list-style-type: none"> ➤ Minimum 21 (Twenty-one) days
91(7)	Time before which Requests for Clarification on Pre-Qualification Document from Applicants shall be Received by the Procuring Entity
	<ul style="list-style-type: none"> ➤ 7 (Seven) working days prior to the deadline for submission of Applications
91(8)	Time by which Response to Clarifications on Pre-Qualification Document received from Applicants
	<ul style="list-style-type: none"> ➤ Within five (5) working days
93(9)	Number of Pre-Qualified Applicants
	<ul style="list-style-type: none"> ➤ Minimum three (3) Applicants
93(18)	Time Limit for Pre-Qualified Applicants to advise of change in its structure or formation
	<ul style="list-style-type: none"> ➤ No later than 14 (Fourteen) days after the date of the Invitation for Tenders
94(11)	Distribution of Minutes of Pre-Tender Meeting by the Procuring Entity
	<ul style="list-style-type: none"> ➤ Within 5 (Five) working days after holding the meeting
95(2) & 117(19)	Time by which the Procuring Entity responds to clarifications on Tender or Proposal Document and issues an Addendum
	<ul style="list-style-type: none"> ➤ Within 5 (Five) working days of receipt of request for clarification
95(3)	Time by which Tenderers shall acknowledge receipt of Amendment or Addenda
	<ul style="list-style-type: none"> ➤ Within three (3) working days

Rule	Times, Values, etc
95(4)	Time by which Tenderers shall inform the Procuring Entity about the Absence of Addenda or amendment or response for Clarification
	➤ Before two-third of the time allowed for the submission of Tenders has elapsed
95(6)	Time Extension in case of Modification of Tender Document
	➤ If an amendment is made when less than One-third of the time allowed for the preparation of Tenders remains
	➤ Minimum Time for extension is 3 (Three) days
96(11)(a) & (c)	Multiple dropping of Tenders for Goods and related Services and Works and Physical Services
	➤ When the official estimated cost of the Procurement is Tk.30 (Thirty) Lac. and above
	➤ Must be delivered to the primary place within 3 (Three) hours of the deadline for submission
101(4)	Time for Response by TEC to Objections received from the Approving Authority
	➤ Within three (5) working days from the date of receipt
102 (3) & (4)	Time for written acceptance of NOA by the successful Tenderer
	➤ Within 7 (Seven) days from the date of issuance of NOA
102(7)	Time for submission of Performance Security by successful Tenderer
	➤ Within 14 (Fourteen) days from the date of acceptance of NOA but not later than the date specified in the NOA for national Tenders
	➤ Within 28 (Twenty-eight) days from issue of the NOA for international Tenders
102(11)	Time for signing of Contract by the successful Tenderer
	➤ Within 28 (Twenty-eight) days of the issuance of NOA
	➤ Within 28 (Twenty-eight) days of the issuance of NOA for international Procurement
104(a)	Least Cost Selection of Consultant
	➤ Maximum Tk. 50 (Fifty) Lac.
104(d)(ii) (b)	Single Source Selection of Consultant
	➤ Maximum Tk. 10 (Ten) Lac. for consulting firms
	➤ Maximum Tk. 5 (Five) Lac. for individual consultants

Rule	Times, Values, etc
104 (d) (viii)	Value of Variation Order for Intellectual and Professional Services
	➤ Maximum 15% (Fifteen percent) of the original Contract price
113(2)	Time for preparation and submission of Expression of Interest for Procurement of intellectual and professional Services
	➤ Minimum 14 (Fourteen) days for national Procurement ➤ Minimum 21 (Twenty-one) days for international Procurement
115(3)	Number of Consultants in a short-list
	➤ not less than 4 (Four) and not more than 7 (Seven) Applicants, but preferably 6 (Six)
117(19)	Time for preparation and submission of Proposal for intellectual and professional Services
	➤ Minimum 28 (Twenty-eight) days for national Procurement ➤ Minimum 42 (Forty two) days for international Procurement
127(5)(b)	Time by which the Head of the Procuring Entity decides or forms committee on professional misconduct, offences etc.
	➤ Within 5 (five) working days from the date of receipt of the relevant report
127(5)(c)	Time by which the Committee submits its report and recommendation to the HOPE.
	➤ Within 5 (five) working days from the date of receipt of the relevant report
130(e)	Delivery of Annual Report by CPTU to the Government
	➤ Within 7 (Seven) months from the beginning of the current Fiscal Year

Note: Some of the threshold mentioned above have been changed /enhanced by Ministry of Finance through Delegation of Financial Powers' 2015. Auditors should use latest threshold while doing audit.

Worksheets for Conducting Procurement Audit

Essential Documents to be Collected during Audit of Contract for Procurement

1	Decision in respect of needs assessment	
2	Decision in respect of method of procurement	
3	Decision in respect of formation of TEC	
4	Tender notice	
5	Technical sub-committee report	Where applicable
6	Evaluation report	
7	Minutes of evaluation committee	
8	Estimate of cost as approved by HOPE	Where applicable
9	Summary of purchase proposal if the approving authority is the ministry	Where applicable
10	Recommendation of CCGP	Where applicable
11	Summary approving or rejecting tender by approving authority	Where applicable
12	Contract	
13	Summary approving or rejecting extension by approving authority	Where applicable
14	Copy of Performance Guarantee	Where applicable

List of abbreviations

ADB	-	Asian Development Bank
ADS	-	Application Data Sheet
AO	-	Authorised Officer
APEC	-	Asia Pacific Economic Co-operation
ASEAN	-	Association of South-East Asian Nations
BSTI	-	Bangladesh Standard and Testing Institute
CCGP	-	Cabinet Committee on Government Purchase
CPTU	-	Central Procurement Technical Unit
CSOs	-	Community Service Organisations
DC	-	Design Contest
DoFP	-	Delegation of Financial Powers
DPP	-	Development Project Proforma
DTM	-	Direct Tendering Method
EOI	-	Expressions of Interest
EXW	-	Extra Work
FBCCI	-	Federation of Bangladesh Chamber of Commerce and Industry
GCC	-	General Conditions of Contract
HOPE	-	Head of the Procuring Entity
IEC	-	International Electro-technical Committee
IFA	-	Invitations for Application
IFE	-	Invitations for Enlistment
IFPQ	-	Invitations for Pre-Qualification

IFT	-	Invitations for Tender
IMED	-	Implementation Monitoring and Evaluation Division
ISO	-	International Standard Organisation
ITA	-	Instructions to Applicants
ITC	-	Instructions to Consultants
ITT	-	Instructions to Tenderers
JVCA	-	Joint Venture, Consortium or Association
LCS	-	Least Cost Selection
LD	-	Line Director
LOI	-	Letter of Invitation
LTM	-	Limited Tendering Method
NOA	-	Notification of Award
OTM	-	Open Tendering Method
PCC	-	Particular Conditions of Contract
PD	-	Project Director
PDS	-	Proposal Data Sheet
PEC	-	Proposal Evaluation Committee
PM	-	Project Manager
POC	-	Proposal Opening Committee
QCBS	-	Quality & Cost Based Selection
RFQ	-	Request for Quotation
RHD	-	Roads and Highways Department
SBCQ	-	Selection Based on Consultant's Qualifications
SFB	-	Selection under a Fixed Budget

SIC	-	Selection of Individual Consultant
SSS	-	Single Source Selection
TAPP	-	Technical Assistance Project Proforma
TDS	-	Tender Data Sheet
TEC	-	Tender Evaluation Committee
TIN	-	Tax Identification Number
TOC	-	Tender Opening Committee
TOR	-	Terms of Reference
TOS	-	Tender Opening Sheet
TSC	-	Technical Sub-Committee
TSTM	-	Two-stage Tendering Method
WB	-	World Bank
WTO	-	World Trade Organisation

