



Request for Proposals (RFP)

For Blue Action Fund Project Audit

February 19, 2026

**Rare, Inc.
1310 N. Courthouse Road, Suite 110
Arlington, VA 22201
USA**

Introduction and Executive Summary

Introduction

Award of the contract resulting from this RFP will be based upon the most responsive Vendor/Contractor whose offer will be the most advantageous to Rare, Inc. in terms of cost, functionality, and other factors as specified elsewhere in this RFP.

The suggested format for proposals is as shown below:

1. Executive Summary
2. Approach and Methodology
3. Project Deliverables
4. Project Management Approach
5. Detailed and Itemized Pricing/Budget
6. Appendix 1: References (Three references for which you have performed similar work)
7. Appendix 2: Project Team Staffing
8. Appendix 3: Company Overview

Executive Summary

Rare seeks an experienced audit firm to conduct a financial review and audit of project financial statements in accordance with the terms of reference and Agreed-upon Procedures (AUP) provided by the project donor, Blue Action Fund.

Business Overview & Background

Rare inspires change so people and nature thrive. For over 50 years, across 60 countries, we have inspired and empowered millions of people and their communities to shift their behaviors and practices to protect our shared planet. We are a global leader in driving social change for people and nature. We believe that the cumulative power of individual and community action is a vital pathway to safeguarding and restoring our shared waters, lands, and climate.

Rare was awarded a Grant Agreement valued at 3,767,031 € in July 2024 from the Blue Action Fund for the project “Thriving Coast – Empowering Coastal, Fisher-Farmer Communities to Protect Biodiversity & Build Prosperity in Honduras” project. This four-year project covering August 1, 2024 – July 31, 2028 is being implemented in Honduras in partnership with Ayuda en Acción (AeA) through a subgrant totaling 1,019,522 € and Centro de Estudios Marinos (CEM) through a subgrant totaling 312,953 €. Rare and its partners are contributing a total of 1,130,855 € in cofinancing, for a project total of 4,897,886 €. Rare is required to submit to Blue Action an Auditor’s Report in the form of an independent report of factual findings produced by an external Auditor in support of the expenditures and income reported by Rare under the Grant Agreement.

This RFP invites proposals from audit firms with grant audit experience to conduct the midterm financial review and audit of project financial statements. The period to be reviewed by the audit is August 1, 2024 – March 31, 2026.

Detailed Specifications

The selected audit firm will be expected to perform specific Agreed-upon Procedures. The Agreed-upon Procedures are attached as Annex 1 to this RFP.

The engagement must be undertaken:

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

The report shall be written in English.

Proposals should include:

- An overview of the firm's qualifications and experience conducting grant/project audits, especially within the nonprofit or conservation sectors.
- A statement of auditor's independence.
- Information on the project team, including their relevant experience.
- A proposed timeline and work plan, outlining major milestones and deliverables, including, but not limited to, preparatory work, field work, and report writing.
- A description of how technology will be leveraged to perform the audit, including both the auditor's own online platforms and the auditor's access to Rare's financial management system.
- The projected pricing (see below).
- At least two key references.

Timeline

The successful proposal must meet the following deadlines, which are based on donor requirements.

Milestone	Date
RFP Release	February 19, 2026
Proposal Submission Deadline	March 6, 2026
Evaluation Period	March 9-13, 2026
Selection & Notification	March 16, 2026
Project Kick-off	April 15, 2026

Financial Statement Submitted for Audit ¹	May 15, 2026
Project Completion	July 1, 2026

Budget and Pricing

Bidders are requested to provide Time & Materials (T&M) labor rates and a fixed price estimate for the complete scope of services outlined in this RFP.

Assumptions & Constraints

The successful applicant must meet at least one of the following conditions:

1. The Auditor and/or the firm is a member of a national accounting or auditing body or institution which in turn is member of the International Federation of Accountants (IFAC).
2. The Auditor and/or the firm is a member of a national accounting or auditing body or institution. Although this organisation is not member of the IFAC, the Auditor commits him/herself to undertake this engagement in accordance with the IFAC standards and ethics set out in these ToR.
3. The Auditor and/or the firm is registered as a statutory auditor in the public register of a public oversight body in an EU member state in accordance with the principles of public oversight set out in Directive 2006/43/EC of the European Parliament and of the Council (this applies to auditors and audit firms based in an EU member state).
4. The Auditor and/or the firm is registered as a statutory auditor in the public register of a public oversight body in a third country and this register is subject to principles of public oversight as set out in the legislation of the country concerned (this applies to auditors and audit firms based in a non-EU member state).

Terms and Conditions

If performance under this engagement is satisfactory, the successful bidder may be selected for future audits under this grant.

Selection Criteria/Evaluation Process

The evaluation of submitted proposals will be based on the following evaluation criteria listed in order of priority:

1. Completion of all required proposal responses.
2. An assessment of the Vendor's ability to deliver the indicated service in accordance with the specifications set out in this RFP.

¹ Financial statements are due to Blue Action Fund on May 15, 2026 and will be shared for audit on submission, noting that donor approval of the report might not take place until donor-requested modifications have been incorporated.

3. The Vendor's stability, experience, and record of past performance in delivering such services.
4. Qualifications of the project team.
5. Proposed timeliness of delivery.
6. Overall cost of Vendor's proposal.

Rare may, at their discretion and without explanation to the prospective Vendors, at any time choose to discontinue this RFP without obligation to such prospective Vendors.

Submission Deadlines

All submissions for responding to this request must be submitted by email no later than:

March 6, 2026

No later than 11:59 pm EST

Submission Delivery Address

The delivery address to be used for all submissions is:

Jennifer Mertz
Director, Agreement Services & Compliance
+1 202 421 3705
jmertz@rare.org

Submission Questions and Clarifications

You may contact the following person if you have any questions or require clarification on any topics covered in this Request for Proposal:

Jennifer Mertz
Director, Agreement Services & Compliance
+1 202 421 3705
jmertz@rare.org

Annex: Blue Action Fund Information on Financial Reviews of Grants (June 2025), including Base Terms of Reference and Compulsory Report Format, Scope of Work and Procedures to be Performed

Annex – Information on Financial Reviews of Grants (June 2025)

Introduction

The following “Terms of Reference - Auditor’s Reports for Blue Action Fund Grants” (the “ToR”) are mandatory for performing the Agreed-upon Procedures (AuPs) of Blue Action grants.

They consist of a contract template (**Form of Engagement Letter**) for the grantee to engage the audit firm to provide an independent report of factual findings on the financial statement prepared by the grantee and two annexes that provide the terms and conditions of this engagement (**Annex I: Base Terms**) as well as a template for the Auditor’s Report (**Annex II: Compulsory Report Format, Scope of Work And Procedures to be Performed**).

Requirements for Auditor Selection—Blue Action Fund Grants

Blue Action Fund Grantees are responsible for adhering to the following requirements in connection with the selection of an Auditor for Blue Action grants:

- The Audit Company must be Independent
 - This means that the Auditor cannot be involved in the preparation of the financial statement for the Blue Action projects, however it would not be an independence issue if the Auditor audits the financial statement of the Grantee in general
- The Audit Company must be Qualified
 - Auditor should have experience in grant audits
 - In addition, note the following requirements of the ToR
By agreeing these ToR the Auditor confirms that they meet at least one of the following conditions:
 - 1.2.1. The Auditor and/or the firm is a member of a national accounting or auditing body or institution which in turn is member of the International Federation of Accountants (IFAC).
 - 1.2.2. The Auditor and/or the firm is a member of a national accounting or auditing body or institution. Although this organisation is not member of the IFAC, the Auditor commits him/herself to undertake this engagement in accordance with the IFAC standards and ethics set out in these ToR.
 - 1.2.3. The Auditor and/or the firm is registered as a statutory auditor in the public register of a public oversight body in an EU member state in accordance with the principles of public oversight set out in Directive 2006/43/EC of the European Parliament and of the Council (this applies to auditors and audit firms based in an EU member state).
 - 1.2.4. The Auditor and/or the firm is registered as a statutory auditor in the public register of a public oversight body in a third country and this register is subject to principles of public oversight as set out in the legislation of the country concerned (this applies to auditors and audit firms based in a non-EU member state).
- In selecting the Auditor, the Grantee must comply with the Blue Action Fund procurement rules. As stated in Section 7.1 of the Grant Agreement, the selected Auditor needs to be no-objected by Blue Action.

[Guidance on how the below template should be completed by the Auditor:

- insert the information requested between the <...>
- delete all instructions marked with [...] including this one]

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

ENGAGEMENT LETTER

[Letterhead of Auditor appointed by Grantee]

<dd Month yyyy>

Dear <name of grantee>,

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

This engagement letter attaches two documents:

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

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

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

Very truly yours,

<legal name of the Auditor>

Signature(s) of Auditor

<name and function of an authorised representative or representatives>

Accepted and Agreed as of the date first above written:

<legal name of the Grantee>

Signature(s) of Grantee

<name and function of an authorised representative or representatives>

Annex I to Engagement Letter

Base Terms for Engagement Letter

1. Responsibilities of the Parties to the Engagement

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

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

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

The Auditor must be independent from the Grantee.

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

By agreeing these ToR the Auditor confirms that they meet at least one of the following conditions:

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

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

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

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

2. Subject of the Engagement

The subject of this engagement is the <interim or final> Financial Statement in connection with the Grant Agreement for the period covering <dd Month yyyy to dd Month yyyy>.

3. Reason for the Engagement

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

4. Engagement Type and Objective

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

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

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

5. Scope of Work

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

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

5.2 Planning, procedures, documentation and evidence:

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

6. Reporting

The Report of factual findings, the format for which is attached as Appendix 3 to Annex II to these ToR, is designed to describe the purpose and the Agreed-upon Procedures of the engagement in sufficient detail in order to enable the Grantee and Blue Action to understand the nature and extent of the procedures performed by the Auditor. The Auditor will report on his/her factual findings in accordance with ISRS 4400 (Revised). The Report shall be written in English.

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

7. Timing

The Report shall be provided to Grantee by <date>. *[Not later than 60 days after the due date for the submission of the Financial Statement to Blue Action].*

8. Other Terms

Liability

[Please include here the appropriate national liability modalities for Auditors]

[The Grantee and the Auditor can also use this section to agree other specific terms such as Auditor's fee, payment schedule, applicable law, further cooperation requirements, etc.]

Annex II to Engagement Letter

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

[The Auditor's Report has the following structure:

"Independent Report of Factual Findings"

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

[To be printed on letterhead paper of the Auditor]

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

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

<name of the grantee>

<Address>

<dd Month yyyy>

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

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

We confirm that we meet the condition specified in *[insert the applicable section for your audit company:]* <1.2.1, 1.2.2, 1.2.3 or 1.2.4> of the Base Terms included in the ToR.

Objective

We have performed Agreed-upon Procedures regarding the expenditures and income reported in the <interim or final> Financial Statement¹ of the Grantee as of <dd Month yyyy> which is attached to this Report as Appendix 2, and which <is to be or was> presented to Blue Action under the Grant Agreement for the following period <dd Month yyyy to dd Month yyyy>. This

¹ Financial Statement in this context refers solely to Appendix 2 by which the Grantee claims expenditures and income under the Grant Agreement.

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

Scope of Work

Our engagement was carried out in accordance with:

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

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

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

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

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

Sources of Information

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

Not applicable Findings

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

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

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

Exceptions

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

Explanation <i>[to be removed from the Report]:</i>
<ul style="list-style-type: none"> - If the Auditor was not able to successfully complete a procedure requested, it must be marked as 'E' ('Exception') in the corresponding row on the right-hand column of the table in Appendix 3. The reason such as the inability to reconcile key information or the unavailability of data that prevents the Auditor from carrying out the Procedure must be indicated below. - If the Auditor cannot corroborate a standard finding after having carried out the corresponding procedure, it must also be marked as 'E' ('Exception') and, where possible, the reasons why the finding was not fulfilled, and its possible impact must be explained below.

[List here any exceptions and add any information on the cause and possible consequences of each exception, if known. If the exception is quantifiable, include the corresponding amount. Please explain the exceptions, specifying the cost category and the specific selected sample if possible. Please include a management response from the Grantee to each exception identified.]

Explanation <i>[to be removed from the Report]:</i>
<ol style="list-style-type: none"> 1. The Grantee was unable to substantiate the finding number 1 on ... because 2. Finding number 18 was not fulfilled because the procurement rules used by the Grantee were different from the one approved by Blue Action. The differences were as follows: ... 3. After carrying out the Agreed-upon Procedures to confirm the finding number 14, the Auditor found a difference of EUR <X,XXX.XX>. The difference can be explained by ...

Further Remarks

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

Explanation <i>[to be removed from the Report]:</i>
<ol style="list-style-type: none"> 1. Regarding finding number 18 the conditions for procurement were considered as fulfilled because ... 2. In order to be able to confirm the finding number 15 we carried out the following additional procedures:

Use of this Report

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

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

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

No conflict of interest² exists between the Auditor and the Grantee in establishing this Report. The fee paid to the Auditor for providing the Report was Euro <X,XXX.XX>.

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

<legal name of the audit firm>

<name and function of an authorised representative>

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

² A conflict of interest arises when the Auditor's objectivity to establish the certificate is compromised in fact or in appearance when the Auditor for instance:

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

Appendix 1 to Auditor's Report

*[Please insert a copy of the **signed Engagement Letter**]*

Appendix 2 to Auditor's Report

[Please insert:

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

Appendix 3 to Auditor's Report

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

Introduction

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

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

GA, Section 6.2.2 "Transaction List" means: An itemized list showing all project expenditures and income in Euro (on a cash basis) allocated according to Blue Action's cost categories.

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

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

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

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

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

Sampling Requirements and Reporting of Sampled Transactions

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

Part 1.)

- *If there are 10 or fewer relevant expenditure items/transactions that fall into the category for review, all shall be examined.*
- *If there are between 11 and 100 expenditure items/transactions that fall into the category for review, the Auditor shall implement the sampling by reviewing the five largest expenditure items/transactions and five expenditure items/transactions selected randomly.*
- *If there are more than 100 expenditure items/transactions that fall into the category for review, the Auditor shall implement the sampling by reviewing the five largest expenditure items/transactions, five expenditure items/transactions selected randomly and an additional number of expenditure items/transactions as needed to ensure that at least 10% of the expenditure amount in this category is covered. The method to select these additional expenditure items/transactions is at the discretion of the Auditor.*
- *If there is a high number of exceptions to the standard factual findings in the sampled expenditure items/transactions, the sample size for the specific cost category needs to be increased at the discretion of the Auditor.*

Part 2.)

The overall value of sampled transactions across all categories reviewed in Part 1 must cover at least 10% of the total declared expenditures on the Financial Statement. If, following the sampling instructions above, an overall financial coverage of 10% of declared expenditures is not obtained, additional expenditure items/transactions should be tested to achieve this minimum financial coverage.

The procedures to be performed are listed as follows:

Ref	Procedures	Standard factual finding	Result (C / E / N.A.)
A	Overall Financial Management & Controls		
A.1	<p><i>Internal Controls</i></p> <p>As set forth in Section 2.1 of Blue Action's Grant Procedures Manual, Grantees are required to have a strong financial management and internal control system. This includes adequate provisions for planning and budgeting, internal control and accounting, as well as funds, cash flow and assets management all in line with the applicable legislation.</p> <p>The Grantee prepares a process description of the financial management and internal control system (Section 5.5 of the Grant Agreement). In relation to the use of Blue Action funds, the process description should at a minimum describe the relevant internal controls, the internal bookkeeping entry system used to track and keep separate Blue Action funds from other Grantee funds and the controls in relation to the procurement procedures.</p> <ul style="list-style-type: none"> The Auditor examined said process description and traced the internal controls on the use of funds. 	<p>1. The required information on internal controls relevant to the use of funds was provided by the Grantee.</p> <p>2. The application by the Grantee of its internal control system to the Grant was confirmed and traced with documents and records.</p> <p>3. Grantees internal bookkeeping system is adequate to trace Blue Action funds separately from other Grantee funds.</p>	
A.2	<p><i>Currency conversion</i></p> <p>As stated in Section 8.3 of the Grant Agreement, Blue Action and the Grantee acknowledge that there is a currency depreciation risk associated with the transfer of funds into the local currency or currencies of the Project.</p> <p><i>[Please continue by selecting the applicable option below which reflects the text adopted in Grant Agreement Section 8.3]</i></p>	<p>4. The exchange rates used to convert local currency into EUR for reporting purposes to Blue Action were in accordance with the Grant Agreement and there was no difference in the figures inspected.</p>	

Ref	Procedures	Standard factual finding	Result (C / E / N.A.)
	<p>[OPTION 1] Accordingly, in order to reduce such risk and to allow retransfer at all times, (i) pending transfer into the local currency or currencies all Blue Action Contribution provided under this Agreement is to be kept in the country of Grantee in Euro, and (ii) transfers of Euro to local currency accounts are permitted only on a requirements basis for maximum of three (3) months.</p> <p>[OPTION 2] As an exception to its usual rule that Blue Action Contribution be maintained in Euro pending transfer into the local currency or currencies of the Project, Blue Action permits Grantees whose primary operating currency is US dollars to maintain the Blue Action Contribution in US dollars. Grantee represents to Blue Action that its primary operating currency is US dollars and elects to maintain Blue Action Contribution in US dollars.</p> <p>Accordingly, in order to reduce currency depreciation risks and to allow retransfer at all times, (i) pending transfer into the local currency or currencies of the Project all Blue Action Contribution provided under this Agreement is to be kept in the country of Grantee in US dollars, and (ii) transfers of US dollars to local currency accounts are permitted only on a requirements basis for maximum of three (3) months.</p> <p><i>[End of optional language to be chosen]</i></p> <p>All Blue Action Contribution provided under this Agreement in Euros that is converted into another currency must be so converted at the best available rate through the channels authorized by applicable laws and regulations. All such transactions must be verifiable through bank receipts or other documents or publications sufficient to demonstrate the legality of such transactions.</p> <p>For purposes of reporting grant expenditures to Blue Action (in Euros), Grantee shall use either (i) its internal exchange rate methodology as long as it is in line with international accounting standards or (ii) the “first in-first out” (FIFO) method. The chosen method shall be applied consistently throughout the project period.</p> <ul style="list-style-type: none"> • The Auditor obtained a process description for handling funds in <i>[include as appropriate:]</i> <Euros or US dollars> and for currency conversion including disbursements to subgrantees and other third parties. • The Auditor sampled <fill in number of samples> currency transfers to subgrantees, <fill in number of samples> currency transfers by the Grantee or subgrantees to other third parties, inspected the underlying evidence and examined that the three (3) month requirement for the sampled currency transfers to local currency accounts was met. • In addition to that, the Auditor obtained a process description for converting expenditures in local currency into Euros for reporting purposes to Blue Action. The Auditor inspected relevant documents and examined that the exchange rate method used for reporting purposes to Blue Action was in accordance with what is established in the Grant Agreement. 	<p>5. Transfers of <i>[include as appropriate: Euro or US dollars]</i> to local currency accounts were within the requirement to consume the amount within three (3) months at the latest.</p>	

Ref	Procedures	Standard factual finding	Result (C / E / N.A.)
B	Spending in line with Budget and Compliance with Spending Rules		
B.1	<p><i>Budget</i></p> <p>The Grant Agreement contains a Budget and makes provisions for reporting against the Budget through the preparation of a Financial Statement and Transaction List. <i>[for definitions, please refer to the introduction to these AuPs].</i></p> <ul style="list-style-type: none"> The Auditor carries out a reconciliation of the Financial Statement and the Budget. The Auditor (i) verifies that the cost categories reported in the Financial Statement are presented in the same manner as contemplated in the Budget, and (ii) reconciles any differences between the Financial Statement and the Budget. The Auditor carries out a reconciliation of the Financial Statement and the Transaction List. The Auditor verifies that (i) the expenditures and income reported in the Transaction List are appropriately allocated to the relevant cost category and income item in the Financial Statement and (ii) when summed, the items listed in the Transaction List as falling under a cost category/income item equal the amounts shown in the Financial Statement. As stated in Section 8.7 of the Grant Agreement, spending for each cost category group as specified in Budget may not exceed the amount allocated to such cost category group except in the following conditions: (i) The amount of such excess spending is less than 20% of the amount allocated to that category, the excess amount is saved in one or more other cost category groups and a justification for the excess spending is provided in the technical part of Progress Report, or (ii) Grantee shall have received prior written approval from Blue Action. The Auditor checks, on the basis of his/her reconciliations, whether overspendings in excess of the above mentioned 20% have been made and if so whether appropriate approval was obtained. 	<p>6. The cost categories reported in the Financial Statement were presented in the same manner as contemplated in the Budget. The reported expenditures were within the Budget with the differences noted in Appendix 2 (ii).</p> <p>7. The expenditures and income reported in the Transaction List were appropriately allocated to the relevant cost category/income item in the Financial Statement and when summed, the items listed in the Transaction List as falling under a cost category/ income item equalled the amounts shown in the Financial Statement.</p>	

Ref	Procedures	Standard factual finding	Result (C / E / N.A.)																																			
	<ul style="list-style-type: none">The Auditor's reconciliation is attached as Appendix 2 (ii) to these AuPs and standard factual findings to be confirmed by the Auditor. <p><i>[Further guidance:</i> <i>Obtain the Budget, Grantee's Financial Statement and the Transaction List and perform the following procedures:</i></p> <ul style="list-style-type: none"><i>a. Recalculate the % of expenditures spent to budget. For overspendings above 20% in cost category groups obtain the written approval from Blue Action. This approval should be given before the overspending took place.</i><i>b. Make inquiries of management as to the basis for allocating entries on the Transaction List to the different cost categories in the Financial Statement. Review the Transaction List entries to assess whether its allocation to the relevant cost category is reasonable. Make further inquiries of management if that is not the case.</i><i>c. Check the mathematical accuracy of the financial statement amount per cost category/income item against the total per cost category/income item within the transaction list.]</i>	8. Overspending of cost category groups up to 20% was in line with the flexibility rule, i.e. there were saving in other cost category groups and it was explained in the technical report. Overspending of cost category groups above 20% took place with prior approval of Blue Action.																																				
B.2	<p>Spending</p> <p>The Auditor sampled* the following number of expenditure items, per cost category as per the guidance in the introduction to these AuPs, items must be sampled from all cost categories reported in the Financial Statement. If applicable, expenditure items of subgrantee(s) should be included in the sampling. <i>[Please fill in the following table]:</i></p> <table><tr><th>Cost Category</th><th>Total amount in EUR reported</th><th>Total amount in EUR of sampled items*</th><th># of expenditure items reported</th><th># of expenditure items sampled*</th></tr><tr><td>Group 1 (Field Implementation)</td><td></td><td></td><td></td><td></td></tr><tr><td>Field investments</td><td></td><td></td><td></td><td></td></tr><tr><td>Operational and maintenance costs (field)</td><td></td><td></td><td></td><td></td></tr><tr><td>Capacity building, trainings and workshops</td><td></td><td></td><td></td><td></td></tr><tr><td>External services</td><td></td><td></td><td></td><td></td></tr><tr><td>Group 2 (Project management in target region)</td><td></td><td></td><td></td><td></td></tr></table>	Cost Category	Total amount in EUR reported	Total amount in EUR of sampled items*	# of expenditure items reported	# of expenditure items sampled*	Group 1 (Field Implementation)					Field investments					Operational and maintenance costs (field)					Capacity building, trainings and workshops					External services					Group 2 (Project management in target region)					9. The expenditure items were adequately supported and reconciled with the accounts.	
Cost Category	Total amount in EUR reported	Total amount in EUR of sampled items*	# of expenditure items reported	# of expenditure items sampled*																																		
Group 1 (Field Implementation)																																						
Field investments																																						
Operational and maintenance costs (field)																																						
Capacity building, trainings and workshops																																						
External services																																						
Group 2 (Project management in target region)																																						
		10. The expenditure items sampled were assigned to the appropriate Blue Action cost category.																																				
		11. The expenditure items sampled are eligible expenditures.																																				

Ref	Procedures					Standard factual finding	Result (C / E / N.A.)
	Staff in target region					12. The expenditure items sampled were incurred within the reporting period.	
	Travel for staff based in target region						
	Assets (project management)						
	Operational and maintenance costs (project management)						
	Group 3 (Project management outside target region)					13. Any subgrantees receiving disbursements of funds were identified in the Grant Agreement and such subgrantees received the disbursements.	
	Staff outside target region						
	Travel for staff based outside target region						
	<p><i>[*Please refer to the introduction of these AuPs for instructions on the number of transactions to be sampled.]</i></p> <p>For each cost category, the Auditor performs the following procedures:</p> <ul style="list-style-type: none">• The Auditor examined that sampled items were accounted for in line with the Grantee’s usual accounting policy, and that the expenditures were supported by appropriate evidence in line with rules of the relevant jurisdiction and were incurred within the reporting period.• The Auditor examined that such items reflect eligible expenditure as defined in Section 8.1 of the Grant Agreement. <p><i>[Further guidance:</i> <i>For the transactions selected, the Auditor will perform the following procedures:</i></p> <ul style="list-style-type: none"><i>(i) Obtain and inspect underlying invoices and vouchers to determine that expenditures were approved and paid in line with Grantee’s controls and accounting practice, as documented.</i><i>(ii) Compare the expenditures by invoices to the purchase order requests and that the expenditures were recorded in the proper general ledger account.</i><i>(iii) Verify that the basis on which the expenditure items were charged to the Blue Action cost category appeared to be reasonable.</i><i>(iv) Verify that the expenditures were incurred within the reporting period.]</i> <ul style="list-style-type: none">• The Auditor also examined that any subgrantees receiving disbursements of funds were identified in the Grant Agreement and disbursements to subgrantees were received.						

Ref	Procedures	Standard factual finding	Result (C / E / N.A.)
B.3	<p><i>Income</i></p> <p>As stated in Section 8.11 of the Grant Agreement, any income generated from the Blue Action Contribution, such as interest earnings, shall be used for the purpose of the Project. Grantee must receive written approval from Blue Action prior to using such income. In addition, any income generated needs to be reported within the Financial Statements. If by the Project End Date income generated has not been used for the purpose of the Project, the remaining balance shall be transferred to Blue Action.</p> <ul style="list-style-type: none"> The Auditor examined that the Grantee included any income generated from Blue Action Contribution in the Financial Statement and that the income is supported by appropriate evidence. The Auditor examined that Blue Action's written approval for using the income exists. 	14. Income from the grant was correctly displayed and the use has been approved by Blue Action.	
B.4	<p><i>Match funding</i></p> <p>As stated in Section 2.3 of the Grant Agreement, the Grantee must ensure that not less than 25% of the Budget is covered by match funding. The Auditor shall obtain evidence from the Grantee that supports the spending of match funding to cover project expenditures.</p> <ul style="list-style-type: none"> The Auditor inspected the evidence and recalculated the total percentage of match funding. <p><i>[Further guidance:</i></p> <p><i>Obtain from management relevant supporting documents relating to match funding reported in the Financial Statement and perform the following procedures:</i></p> <ol style="list-style-type: none"> <i>Using the Financial Statement, the Auditor will recalculate the total percentage of match funding.</i> <i>Select the five largest transactions underlying the match funding reported in the Financial Statement and five transactions at random and test that the match funding reported for this grant is for the work related to the Blue Action Grant.]</i> 	<p>15. There were no discrepancies between the percentage of match funding reported by the Grantee and the percentage recalculated by the Auditor.</p> <p>16. Match funding was related to the Blue Action Grant and adequately supported by evidence.</p>	
C	Compliance with procurement rules		
C.1	<p><i>Procurement</i></p> <p>As stated in Section 9 and Annex 4 of the Grant Agreement, the procurement of goods, works and related services as well as consulting services funded through Blue Action shall be based on strict ethical principles and best international procurement practices for NGOs, and shall conform to the procurement policy.</p>	17. The required list of goods, works and associated services and consulting services was provided by the grantee.	

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

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

<legal name of the audit firm>

<name and function of an authorised representative>

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