



General Business Guide - Common Guidelines for Procurement by Organizations in the UN System

Introduction

The Purpose of this Common Guidelines is to:

- COMMUNICATE BASIC PRINCIPLES FOR PROCUREMENT BY THE ORGANIZATIONS WITHIN THE UN SYSTEM;
- GUIDE PROCUREMENT ACTIVITIES AND FACILITATE HARMONIZATION OF PROCUREMENT PROCEDURE AMONG UN ORGANIZATIONS.

1. Preamble

The objective of procurement activities within the UN system is the timely acquisition of goods, works and services while addressing the following:

- the objectives of the UN Organizations concerned;
- fairness, integrity and transparency, through competition;
- economy and effectiveness;
- best value for money.

Procurement in the UN system is governed by the established regulations and rules of each UN Organization. While such regulations and rules may differ in matters of detail, all organizations are guided by this document.

These Common Guidelines cover procurement stages from sourcing activities that precede a requisition to the execution of a procurement contract. They do not cover either the details of procurement, logistics or contract implementation matters that may be particular to each UN Organization concerned (Procuring Entity).

2. Participation by Suppliers

2.1 Suppliers (i.e. providers of goods, works and services)

Participate, as a general rule, in procurement proceedings without regard to country of origin, unless the UN General Assembly or Security Council decides otherwise. The geographical scope of procurement may also be limited in certain cases determined by the Procuring Entity in accordance with the rules of each organization.

2.2 Eligibility of Suppliers

2.2.1: To be eligible, Suppliers must satisfy certain objectively justifiable minimum requirements, which include the legal capacity to enter into a contract, the necessary professional and technical competence, financial strength, plant, equipment and other physical facilities and qualified personnel to satisfy the requirements of the Procuring Entity.

2.2.2: Such minimum eligibility requirements should be distinguished from pre-qualification procedures used to determine the suitability of a Supplier for a specific project or contract. Being eligible for contracts with a Procuring Entity does not mean that a Supplier will be solicited to participate in bidding procedures or will pre-qualify for each relevant procurement activity.

2.2.3: Subject to the right of a Supplier to protect its intellectual property or trade secrets, the Procuring Entity may require the Supplier to provide documentary evidence or other information that it may deem useful to verify that the Supplier meets the requirements referred to above.



2.2.4: A Supplier that has been found at any time to have intentionally submitted false, materially inaccurate or materially incomplete information will not be considered eligible.

2.3 Registration

2.3.1: Rosters of eligible Suppliers are maintained by the Procuring Entity to ensure that a list of potential Suppliers is readily available.

2.3.2: Suppliers, wishing to be registered, should communicate directly with the Procuring Entity to request inclusion in its roster. Instructions on how to register will be provided by the Procuring Entity.

2.3.3: The information submitted by the Supplier will be evaluated by the Procuring Entity to establish the eligibility for inclusion in the roster.

2.3.4: Procuring Entities may invite from a Supplier directly or indirectly, e.g. by advertisement or other means, expressions of interest for general purposes, or a particular procurement activity.

3. Solicitation Documents

3.1 General

3.1.1: Solicitation Documents are used to request bids, proposals or quotations (offers) from Suppliers for the goods, works or services required. While the details and complexity of Solicitation Documents will vary according to the nature and value of the requirements, they will contain all information necessary to prepare a suitable Offer. Solicitation Documents will include, as appropriate: an invitation to offer, instructions to the offerer, form of the offer requested (bid, proposal or quotation), form of the proposed contract, conditions of contract - both general and special, technical specifications, lists of goods or bills of quantities and drawings, description of work, as well as necessary appendices, evaluation criteria and minimum qualification requirements.

3.1.2: In the Solicitation Documents, descriptions of the required goods, works or services will normally be generic. References to brand names, trademarks, catalogue numbers or similar classifications should be avoided. If it is necessary to quote a brand name or catalogue number of a particular manufacturer to clarify an otherwise incomplete description, the words "or equivalent" will be added after such references.

3.1.3: Solicitation Documents will specify internationally accepted standards, such as those issued by ISO, wherever these are available and appropriate. When particular national or other standards are required, the Solicitation Document will indicate that other standards may be acceptable, provided they ensure an equivalent or higher level of performance than the specified international standard.

3.1.4: Where it becomes necessary to clarify the Solicitation Documents for any reason, all Suppliers who have received the Solicitation Documents will be notified simultaneously in writing of the clarification. At any time before the deadline for submission of Offers, the Procuring Entity may, for any reason, whether on its own initiative or because of a request for clarification by a Supplier, modify the Solicitation Documents by issuing an addendum. The addendum will be communicated promptly to all Suppliers, to which the Procuring Entity has provided the Solicitation Documents and will be binding on those Suppliers.

3.2 Types of Solicitation Documents

3.2.1: Invitation to Bid (ITB): A Solicitation Document issued by a Procuring Entity in which the requirements for formal competitive bidding are specified. The ITB describes the Procuring Entity's requirements quantitatively and qualitatively in a manner which permits prospective bidders to submit bids on the same basis so that the award can be made to the lowest priced, technically acceptable bidder or best value bidder as evaluated in accordance with the ITB.

3.2.2: Request for Proposals (RFP): A Solicitation Document issued by a Procuring Entity in order to obtain proposals to satisfy a requirement which cannot be described in a complete or definitive manner. An RFP leads to the selection of the proposal that offers the best value in accordance with the evaluation criteria. Where appropriate, the RFP will indicate that negotiation may be undertaken in respect of one or more proposals.

3.2.3: Request for Quotation (RFQ): An Informal Solicitation Document, normally used for low value procurement requirements, in which Procuring Entities request prices and commercial terms from Suppliers, for goods, works or services that meet standard specifications and are readily available on the market.

4. Solicitation of Offers

4.1 Competition

4.1.1: Procuring Entities, as a general rule, use competition to procure goods, works or services. Such competition may be undertaken on an Informal or formal basis and be either open or limited. As many Suppliers as is practicable will be given the opportunity to offer the required goods, works or services.

4.2 Open International Competition

4.2.1: Open International Competition (OIC) is initiated by an advertisement, which invites interested Suppliers to request the Solicitation Documents from the Procuring Entity. Use of OIC is appropriate for goods, works or services of a relatively high value.

4.2.2: The Procuring Entity, at its discretion, may arrange the publication of a Procurement Notice in the United Nations' "Development Business", UNDP/IAPSO's website or a publication of wide international circulation. The advertisement will contain information such as the scope of procurement, name and address of the Procuring Entity, and the scheduled date for availability of Solicitation Documents.

4.2.3: For complex or specialized goods, works or services, pre-qualification may be undertaken by advertising. Any Supplier requesting to participate will be provided with pre-qualification documents, which will contain instructions on preparing and submitting applications, the procurement requirements contemplated, and any specific qualifications that may be deemed necessary for pre-qualification. Only suppliers that have been pre-qualified following evaluation are entitled to participate in further procurement proceedings for the specific requirement.

4.3 Limited International Competition

4.3.1: Limited International Competition (LIC) is limited to a short-list of qualified Suppliers selected in a non-discriminatory manner by the Procuring Entity from rosters, pre-qualifications, expressions of interest and other sources. LIC is appropriate where OIC is unsuitable for economical and efficient procurement because of the value, urgent demand or limited availability of the required goods, works or services.

4.4 Local Competition

4.4.1: For specified reasons the Procuring Entity may restrict the use of the solicitation methods as described in 4.2 and 4.3 to Suppliers located in the country or region where the goods, works or services procured will be used. 4.5 Direct Contracting

4.5.1: As an alternative to competition, and in the interest of the Procuring Entity, Direct Contracting through negotiation may be an appropriate method when, for example: the contract relates to the procurement of proprietary goods, works or services; standardization of equipment or spare parts require compatibility with existing equipment; rate contracts or standing offers were established by the Procuring Entity or following joint negotiations by several Organizations of the UN system; the urgency of the requirement is such that the delay involved in applying other methods of procurement would be unacceptable; offers for identical items have been obtained through competition within a reasonable period and the prices and conditions offered remain competitive; the monetary value of the proposed contract is considered insufficient to make competitive procurement economical.

5. Submission, Receipt, Opening and Evaluation of Offers

5.1 General

5.1.1: All Offers will be received, accepted, opened, recorded and evaluated in accordance with impartial procedures established by the Procuring Entity. 5.2 Submission and Receipt of Offers

5.2.1: Suppliers must comply with the procedure for submission of Offers as well as the technical requirements expressed in the Solicitation Documents in order to protect the confidentiality, and allow for fair and non-discriminatory treatment, of their Offers.

5.2.2: An Offer may be modified or withdrawn before the deadline for its receipt. Such modification or withdrawal shall be made in the form indicated in the Solicitation Documents for the Offer.

5.3 Opening of Bids and Proposals

5.3.1: The Procuring Entity will fix a date and place for the opening of bids and proposals. Where the opening is public, the date, time and place will be indicated in the Solicitation Documents. The purpose of the opening is to verify that all formalities indicated in the Solicitation Documents are met, including the timeliness of the receipt of each bid or proposal and, where required, their sealed condition.

5.3.2: When the opening is public, Suppliers who have submitted bids are entitled to attend the opening, where each bid is opened and the names and addresses of each bidder, as well as the total value of each bid is announced.

5.4 Evaluation of Offers

5.4.1: Once bids, proposals or quotations have been received and opened, they will be evaluated to determine which Offer best responds to the requirements established by the Solicitation Documents.

5.4.2: The Offers will be evaluated in accordance with the evaluation criteria specified in the Solicitation Documents. To the extent appropriate, the evaluation criteria will be given relative weight. Bids, proposals and quotations submitted in different currencies will be converted into a single currency, usually US dollars, using the United Nations operational rate of exchange in effect at the date specified in the Solicitation Document.

5.4.3: Except when negotiations have been authorized by the Procuring Entity, Suppliers will not be allowed to alter any Offer after the deadline for receipt provided for in the Solicitation Documents. The Procuring Entity may, however, request clarification of any offer during the evaluation.

5.5 Rejection of Offers

5.5.1: The Procuring Entity may reject any or all Offers at any time before the conclusion of a procurement contract.

6. Procurement Contracts

6.1 Formalization of Procurement Contracts

6.1.1: Once the Procuring Entity has decided on the award of contract, that decision is formalized by the establishment of a legally enforceable relationship with the successful offeror. Normally, this is accomplished by a written procurement contract between the parties.

6.1.2: After a procurement contract has been awarded or the procurement proceedings have ended, unsuccessful offerors normally will be sent a formal letter of regret by the Procuring Entity.

6.1.3: The Procuring Entity will not disclose: information that may prejudice legitimate commercial interests of the parties or inhibit fair competition; information relating to the examination, evaluation and comparison of Offers.

6.2 Terms and Conditions

6.2.1: All procurement contracts are subject to the General Conditions of the Procuring Entity. The Solicitation Documents will include a copy of, or incorporate by reference, the General Conditions of the Procuring Entity and Special Conditions, if any.

6.2.2: The General Conditions will include, inter alia, a clause on the settlement of disputes by arbitration and relevant provisions concerning the privileges and immunities of the United Nations that apply to the Procuring Entity.

6.3 Performance Securities

6.3.1: The Procuring Entity may require Suppliers to provide a security to guarantee performance in accordance with the procurement contract. This performance security may be requested in the form of a bank guarantee, a standby letter of credit, or other means, in an amount related to the value of the goods, services or works involved and the payment conditions.

7. Ethical behaviour and relationships with Suppliers

7.1 Procurement Officials

All procurement officials will maintain an unimpeachable standard of integrity in all their business relationships both inside and outside the Organizations in which they are employed. They will never use their authority or office for personal gain and will seek to uphold and enhance the standing of their Organization.

8. Statistical Reporting

8.1 Procurement Statistics

Each Organization of the UN system will keep appropriate statistics on its procurement activities, including details of geographical distribution of contracts. These statistics will be made available regularly to the Member States through the General Assembly of the United Nations.

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IAPSO Supplier Terms And Conditions

1. GOODS AND SERVICES DEFINED: Goods are hereinafter deemed to include, without limitation, equipment, spare parts, commodities, raw materials, components, intermediate products and products which the Supplier is required to supply under this Order. Services are hereinafter deemed to include services ancillary to the supply of the goods including, without limitation, installation, training, transportation and such other obligations as required under this Order.

2. ACCEPTANCE OF THE PURCHASE ORDER: This Purchase Order may only be accepted by the Supplier's signing and returning an acknowledgement copy of it or by timely delivery of the goods in accordance with the terms of this Purchase Order, as herein specified. Acceptance of this Purchase Order shall effect a contract between the Parties under which the rights and obligations of the Parties shall be governed solely by the terms and conditions of this Purchase Order, including these General Conditions. No additional or inconsistent provisions proposed by the Supplier shall bind UNDP/IAPSO unless agreed to in writing by a duly authorised official of UNDP/IAPSO.

3. TAX EXEMPTION: Section 7 of the Convention on the Privileges and Immunities of the United Nations provides, inter alia, that the United Nations, including its subsidiary organs, is exempt from all direct taxes, except charges for utilities services, and is exempt from customs duties and charges of a similar nature in respect of articles imported or exported for its official use. In the event any governmental authority refuses to recognise UNDP/IAPSO's exemption from such taxes, duties or charges, the Supplier shall immediately consult with UNDP/IAPSO to determine a mutually acceptable procedure. Accordingly, the Supplier authorises UNDP/IAPSO to deduct from the Supplier's invoice any amount representing such taxes, duties or charges, unless the Supplier has consulted with UNDP/IAPSO before the payment thereof and UNDP/IAPSO has, in each instance, specifically authorised the Supplier to pay such taxes, duties or charges under protest. In that event, the Supplier shall provide UNDP/IAPSO with written evidence that payment of such taxes, duties or charges has been made and appropriately authorised.

4. TRADE TERMS: Whenever an INCOTERM is used in this Order it shall be interpreted in accordance with the INCOTERMS 2000.

5. EXPORT LICENSES: Notwithstanding any INCOTERM 2000 used in this Purchase Order, the Supplier shall obtain any export license(s) required for the goods.

6. PAYMENT: Payment by UNDP/IAPSO does not imply acceptance of goods nor of any related work or services under this Order. UNDP/IAPSO shall, on fulfilment of the Delivery Terms, unless otherwise provided in this Purchase Order, make payment within 30 days of receipt of commercial invoice, proof of dispatch and other supporting documents specified in this Purchase Order. Payment against the invoice referred to above will reflect any discount shown under the payment terms of this Purchase Order, provided payment is made within the period required by such payment terms. Unless authorised by UNDP/IAPSO, the Supplier shall submit one invoice in respect of this Purchase Order, and such invoice must indicate the Purchase Order's identification number. The prices shown in this Purchase Order may not be increased except by express written agreement of UNDP/IAPSO.

7. INSPECTION AND ACCEPTANCE: All goods shall be subject to inspection and testing by UNDP/IAPSO or its designated representatives, to the extent practicable, at all times and places, including the period of manufacture and, in any event, prior to final acceptance by UNDP/IAPSO. If any inspection or test is made on the premises of the Supplier or its supplier, the Supplier, without additional charge, shall provide all reasonable facilities and assistance for the safety and convenience of the inspectors in the performance of their duties. All inspection and tests on the premises of the Supplier or its supplier shall be performed in such a manner as not to unduly delay or disrupt the ordinary business activities of the Supplier. Final acceptance or rejection of the goods shall be made as soon as practicable after delivery, but failure to inspect and accept or reject goods shall neither relieve the Supplier from responsibility for non-conforming goods nor impose liabilities on UNDP/IAPSO therefore. The Supplier shall provide and maintain an inspection, quality, and manufacturing process control system covering the goods which is acceptable to UNDP/IAPSO. Records of all inspection work by the Supplier shall be kept complete and made available to UNDP/IAPSO during the performance pursuant to this Order and for twenty four (24) months thereafter or for such other period as may be specified in this Order. Copies of all material certifications and test results are to be submitted to UNDP/IAPSO upon request.

8. FITNESS OF GOODS INCLUDING PACKAGING: Supplier warrants that the goods conform to

the specifications and are fit for the purposes for which such goods are ordinarily used, as well as for purposes, in locations and under circumstances made known to the Supplier by UNDP/IAPSO. Supplier warrants that the goods are new, of current manufacture and free from defects in design, workmanship and materials. The Supplier also warrants that the goods are securely contained, packaged and marked, taking into consideration the mode(s) of shipment, in a manner so as to protect the goods during delivery to their ultimate destination. Unless specified otherwise in this Order, the Supplier warrants and certifies that it will repair or replace without expense to UNDP/IAPSO or its clients any goods or components which prove to be defective in design, material, or workmanship within a period of twelve (12) months from the date such goods are delivered to and accepted at the final destination indicated in the Purchase Order, or for eighteen (18) months after the date of shipment from the port or place of loading in the source country, whichever period concludes earlier.

9. AFTER SALES SERVICE: The Supplier shall maintain or provide a service organization reasonably constituted to handle requests from UNDP/IAPSO or its clients for technical assistance, maintenance, service, repairs and overhaul of the goods.

10. INDEMNIFICATION: The Supplier shall indemnify, hold and save harmless and defend at its own expense UNDP/IAPSO, its personnel and its clients from and against all suits, claims, demands, and liability of any nature or kind, including costs and expenses arising out of acts or omissions of the Supplier or its personnel or others responsible to the Supplier in the performance pursuant to this Order.

11. INTELLECTUAL PROPERTY INFRINGEMENT: The Supplier warrants that the use or supply by UNDP/IAPSO of the goods sold under this Purchase Order does not infringe any patent, design, trade-name or trade-mark. In addition, the Supplier shall, pursuant to this warranty, indemnify, defend and hold UNDP/IAPSO and the United Nations harmless from any actions or claims brought against UNDP/IAPSO or the United Nations pertaining to the alleged infringement of a patent, design, trade-name or trade-mark arising in connection with the goods sold under this Purchase Order.

12. FIRE AND EXTENDED COVERAGE INSURANCE: At all times prior to delivery, the Supplier shall effect and maintain continuous fire, hazard and extended coverage insurance upon any goods subject to this Order in an amount equal to the sound insurable value of such goods and labour incorporated therein with loss payable to the Supplier and UNDP/IAPSO as their interests may appear.

13. VARIATION IN QUANTITIES: The quantities specified in this Order must not be exceeded or decreased without the prior written authorization of UNDP/IAPSO.

14. CHANGES: UNDP/IAPSO may at any time by written instruction make changes within the general scope of this Order. If any such change causes an increase or decrease in the price of or the time required for performance pursuant to this Order, an equitable adjustment shall be made in the order price, or delivery schedule, or both and the Order shall either be amended or terminated or reissued accordingly. Any claim for adjustment under this paragraph must be asserted within thirty (30) days

from the date of receipt by the Supplier of the notification of change: providing, however, that UNDP/IAPSO may, at its sole discretion, receive and act upon any such claim asserted at any time prior to final payment under this Order. Failure to agree to any adjustments shall be a controversy within the meaning of Clause 23. However, nothing in this Clause shall excuse the Supplier from proceeding with the Order as changed. No modification of or change in the terms of this Order shall be valid or enforceable against UNDP/IAPSO unless it is in writing and signed by a duly authorised representative of UNDP/IAPSO.

15. TERMINATION FOR CONVENIENCE: UNDP/IAPSO may terminate this Order, in whole or in part, upon notice to the Supplier. Upon receipt of notice of termination, the Supplier shall take immediate steps to bring the work and services to a close in a prompt and orderly manner, shall reduce expenses to a minimum and shall not undertake any forward commitment from the date of receipt of notice of termination. In the event of Termination for Convenience, no payment shall be due from UNDP/IAPSO to the Supplier except for work and services satisfactorily performed prior to termination, for expenses necessary for the prompt and orderly termination of the work and for the cost of such necessary work as UNDP/IAPSO may request the Supplier to complete. To the extent that the computation of such payment due from UNDP/IAPSO may not make the Supplier whole in respect of termination under this provision, the Supplier may claim an equitable adjustment in accordance with the procedures for equitable adjustment referred to in Clause 13 above.

16. REMEDIES FOR DEFAULT: In case of failure by the Supplier to perform according to this Order, including but not limited to failure to obtain necessary export licenses or to make delivery of all of the goods by the agreed delivery date, UNDP/IAPSO may, after giving the Supplier reasonable notice to perform and without prejudice to any other rights or remedies, exercise one or more of the following rights: (1) procure all or part of the goods from other sources, in which

event UNDP/IAPSO may hold Supplier responsible for any excess costs occasioned thereby; (2) refuse to accept delivery of all or part of the goods; (3) terminate this Order; (4) require Supplier to ship via premium means, at Supplier's expense, to meet the delivery schedule; (5) impose liquidated damages.

17. LIQUIDATED DAMAGES FOR DELAY: Subject to Clause 18, if the Supplier fails to deliver any or all of the goods or perform any of the services within the time period specified in the Order, UNDP may, without prejudice to any other rights and remedies deduct from the total price stipulated in this Order an amount of 0.5% per week of the value of the Contract up to a period of 8 weeks. Thereafter UNDP/IAPSO has the right to cancel the order.

18. FORCE MAJEURE: Notwithstanding the provisions of Clauses 16 and 17, the Supplier shall not be liable for default or liquidated damages, if and to the extent that its failure to perform its obligations under this Order is the result of and event of Force Majeure. For purposes of this Order, Force Majeure is defined as an event beyond the control of the Supplier, not involving the Supplier's fault or negligence and not foreseeable and includes acts of God, natural disasters, war (whether or not declared) and other events of a similar nature or force.

19. SOURCE OF INSTRUCTION: The Supplier shall neither seek nor accept instructions from any authority external to UNDP/IAPSO in connection with the performance pursuant to this Order. The Supplier shall refrain from any action which may adversely affect UNDP/IAPSO.

20. OFFICIALS NOT TO BENEFIT: The Supplier warrants that no official of UNDP/IAPSO has received or will be offered by the Supplier any direct or indirect benefit of any kind, or any gift, payment or other consideration in connection with or arising from this Order or the award thereof. The Supplier agrees that breach of this provision is a breach of an essential term of this Order.

21. USE OF NAME, EMBLEM OR OFFICIAL SEAL OF UNDP/IAPSO: Unless authorised in writing, the Supplier shall not advertise or otherwise make public the fact that it is performing, or has performed, services for UNDP/IAPSO or use the name (or any abbreviation thereof), emblem or official seal of UNDP/IAPSO for advertising or for any other purpose.

22. ASSIGNMENT AND INSOLVENCY: The Supplier shall not, except after obtaining the prior written approval of UNDP/IAPSO, assign, transfer, pledge or make other disposition of this Order or any part hereof or any of the Supplier's rights or obligations under this Order. Should the Supplier become insolvent or should control of the Supplier change by the virtue of insolvency, UNDP/IAPSO may, without prejudice to any other right or remedy, terminate this Order by giving the Supplier written notice of such termination.

23. SETTLEMENT OF DISPUTES:

* Amicable Settlement: The Parties shall use their best efforts to settle amicably any dispute, controversy or claim arising out of, or relating to this Purchase Order or the breach, termination or invalidity thereof. Where the Parties wish to seek such an amicable settlement through conciliation, the conciliation shall take place in accordance with the UNCITRAL Conciliation Rules then obtaining, or according to such other procedure as may be agreed between the Parties.

* Arbitration: Unless, any such dispute, controversy or claim between the Parties arising out of or relating to this Purchase Order or the breach, termination or invalidity thereof is settled amicably under the preceding paragraph of this Section within sixty (60) days after receipt by one Party of the other Party's request for such amicable settlement, such dispute, controversy or claim shall be referred by either Party to arbitration in accordance with the UNCITRAL Arbitration Rules then obtaining, including its provisions on applicable law. The arbitral tribunal shall have no authority to award punitive damages. The Parties shall be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of any such controversy, claim or dispute.

24. PRIVILEGES AND IMMUNITIES: Nothing in or relating to this Order shall be deemed a waiver of any of the privileges and immunities of UNDP/IAPSO.

25. PROCUREMENT LIABILITY: UNDP/IAPSO is acting as a procurement agency on behalf of their clients. Any financial liability as a result of the order expressed or implied is therefore a matter between the Supplier and the Client.

26. CHILD LABOUR: The Supplier represents and warrants that neither it nor any of its affiliates is engaged in any practice inconsistent with the rights set forth in the Convention on the Rights of the Child, including Article 32 thereof, which, inter alia, requires that a child shall be protected from performing any work that is likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral or social development. Any breach of this representation and warranty shall entitle UNDP/IAPSO to terminate this Purchase Order immediately upon notice to the Supplier, without any liability for termination charges or any other liability of any kind of UNDP/IAPSO.

27. MINES: The Supplier represents and warrants that neither it nor any of its affiliates is actively and directly engaged in patent activities, development, assembly, production, trade or manufacture of mines or in such activities in respect of components primarily utilised in the

manufacture of Mines. The term "Mines" means those devices defined in Article 2, Paragraphs 1, 4 and 5 of Protocol II annexed to the Convention on Prohibitions and Restrictions on the Use of Certain Conventional Weapons Which May Be Deemed to Be Excessively Injurious or to Have Indiscriminate Effects of 1980. Any breach of this representation and warranty shall entitle UNDP/IAPSO to terminate this Purchase Order immediately upon notice to the Supplier, without any liability for termination charges or any other liability of any kind of UNDP/IAPSO.

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ment under the Federal Acquisition Regulation, and parties determined to be ineligible.

"Major system" means that combination of elements that will function together to produce the capabilities required to fulfill a mission need. The elements may include hardware, equipment, software, or any combination thereof, but exclude construction or other improvements to real property. A system is a major system if—

(1) The Department of Defense is responsible for the system and the total expenditures for research, development, test, and evaluation for the system are estimated to be more than \$115,000,000 (based on fiscal year 1990 constant dollars) or the eventual total expenditure for the acquisition exceeds \$540,000,000 (based on fiscal year 1990 constant dollars);

(2) A civilian agency is responsible for the system and total expenditures for the system are estimated to exceed \$750,000 (based on fiscal year 1980 constant dollars) or the dollar threshold for a "major system" established by the agency pursuant to Office of Management and Budget Circular A-109, entitled "Major System Acquisitions," whichever is greater; or

(3) The system is designated a "major system" by the head of the agency responsible for the system (10 U.S.C. 2302 and 41 U.S.C. 403).

"Make-or-buy program" means that part of a contractor's written plan for a contract identifying those major items to be produced or work efforts to be performed in the prime contractor's facilities and those to be subcontracted.

"Market research" means collecting and analyzing information about capabilities within the market to satisfy agency needs.

"Master solicitation" means a document containing special clauses and provisions that have been identified as essential for the acquisition of a specific type of supply or service that is acquired repetitively.

"May" denotes the permissive. However, the words "no person may ..." mean that no person is required, authorized, or permitted to do the act described.

"Micro-purchase" means an acquisition of supplies or services using simplified acquisition procedures, the aggregate amount of which does not exceed the micro-purchase threshold.

"Micro-purchase threshold" means \$2,500, except it means—

(1) \$2,000 for construction subject to the Davis Bacon Act; and

(2) \$7,500 for acquisitions of supplies or services that, as determined by the head of the agency, are to be used to facilitate defense against or recovery from terrorism (defined at Public Law 107-296, Sec. 2) or nuclear, biological, chemical, or radiological attack, as described in 13.201(g)(1)(i), except for construction subject to the Davis Bacon Act (Pub. L. 107-296, Sec. 854). The threshold is \$15,000 for acquisitions by or for the Department of Defense as described in 13.201(g)(1)(ii) (Pub. L. 107-107, Sec. 836(a)(1)(A)).

"Minority Institution" means an institution of higher education meeting the requirements of Section 1046(3) of the Higher Education Act of 1965 (20 U.S.C. 1067k), including a Hispanic-serving institution of higher education, as defined in Section 316(b)(1) of the Act (20 U.S.C. 1101a).

"Multi-agency contract (MAC)" means a task-order or delivery-order contract established by one agency for use by Government agencies to obtain supplies and services, consistent with the Economy Act (see 17.500(b)). Multi-agency contracts include contracts for information technology established pursuant to section 5124(a)(2) of the Clinger-Cohen Act, 40 U.S.C. 1424(a)(2).

"Must" (see "shall").

"National defense" means any activity related to programs for military or atomic energy production or construction, military assistance to any foreign nation, stockpiling, or space.

"Neutral person" means an impartial third party, who serves as a mediator, fact finder, or arbitrator, or otherwise functions to assist the parties to resolve the issues in controversy. A neutral person may be a permanent or temporary officer or employee of the Federal Government or any other individual who is acceptable to the parties. A neutral person must have no official, financial, or personal conflict of interest with respect to the issues in controversy, unless the interest is fully disclosed in writing to all parties and all parties agree that the neutral person may serve (5 U.S.C. 583).

"Nondevelopmental item" means—

(1) Any previously developed item of supply used exclusively for governmental purposes by a Federal agency, a State or local government, or a foreign government with which the United States has a mutual defense cooperation agreement;

(2) Any item described in paragraph (1) of this definition that requires only minor modification or modifications of a type customarily available in the commercial marketplace in order to meet the requirements of the procuring department or agency; or

(3) Any item of supply being produced that does not meet the requirements of paragraphs (1) or (2) solely because the item is not yet in use.

"Novation agreement" means a legal instrument—

- (1) Executed by the—
 - (i) Contractor (transferor);
 - (ii) Successor in interest (transferee); and
 - (iii) Government; and

including construction and research and development, upon specified terms and conditions, using simplified acquisition procedures.

"Qualification requirement" means a Government requirement for testing or other quality assurance demonstration that must be completed before award of a contract.

"Qualified products list (QPL)" means a list of products that have been examined, tested, and have satisfied all applicable qualification requirements.

"Receiving report" means written evidence that indicates Government acceptance of supplies delivered or services performed (see Subpart 46.6). Receiving reports must meet the requirements of 32.905(c).

"Recovered material" means waste materials and by-products recovered or diverted from solid waste, but the term does not include those materials and by-products generated from, and commonly reused within, an original manufacturing process. For use in Subpart 11.3 for paper and paper products, see the definition at 11.301.

"Renewable energy" means energy produced by solar, wind, geothermal, and biomass power.

"Renewable energy technology" means—

(1) Technologies that use renewable energy to provide light, heat, cooling, or mechanical or electrical energy for use in facilities or other activities; or

(2) The use of integrated whole-building designs that rely upon renewable energy resources, including passive solar design.

"Residual value" means the proceeds, less removal and disposal costs, if any, realized upon disposition of a tangible capital asset. It usually is measured by the net proceeds from the sale or other disposition of the asset, or its fair value if the asset is traded in on another asset. The estimated residual value is a current forecast of the residual value.

"Responsible audit agency" means the agency that is responsible for performing all required contract audit services at a business unit.

"Responsible prospective contractor" means a contractor that meets the standards in 9.104.

"Segment" means one of two or more divisions, product departments, plants, or other subdivisions of an organization reporting directly to a home office, usually identified with responsibility for profit and/or producing a product or service. The term includes—

(1) Government-owned contractor-operated (GOCO) facilities; and

(2) Joint ventures and subsidiaries (domestic and foreign) in which the organization has—

(i) A majority ownership; or

(ii) Less than a majority ownership, but over which it exercises control.

"Self-insurance" means the assumption or retention of the risk of loss by the contractor, whether voluntarily or involun-

tarily. Self-insurance includes the deductible portion of purchased insurance.

"Senior procurement executive" means the individual appointed pursuant to section 16(3) of the Office of Federal Procurement Policy Act (41 U.S.C. 414(3)) who is responsible for management direction of the acquisition system of the executive agency, including implementation of the unique acquisition policies, regulations, and standards of the executive agency.

"Service-disabled veteran-owned small business concern"—

(1) Means a small business concern—

(i) Not less than 51 percent of which is owned by one or more service-disabled veterans or, in the case of any publicly owned business, not less than 51 percent of the stock of which is owned by one or more service-disabled veterans; and

(ii) The management and daily business operations of which are controlled by one or more service-disabled veterans or, in the case of a veteran with permanent and severe disability, the spouse or permanent caregiver of such veteran.

(2) Service-disabled veteran means a veteran, as defined in 38 U.S.C. 101(2), with a disability that is service-connected, as defined in 38 U.S.C. 101(16).

"Shall" means the imperative.

"Shipment" means freight transported or to be transported.

"Shop drawings" means drawings submitted by the construction contractor or a subcontractor at any tier or required under a construction contract, showing in detail either or both of the following:

(1) The proposed fabrication and assembly of structural elements.

(2) The installation (*i.e.*, form, fit, and attachment details) of materials or equipment.

"Should" means an expected course of action or policy that is to be followed unless inappropriate for a particular circumstance.

"Signature" or "signed" means the discrete, verifiable symbol of an individual that, when affixed to a writing with the knowledge and consent of the individual, indicates a present intention to authenticate the writing. This includes electronic symbols.

"Simplified acquisition procedures" means the methods prescribed in Part 13 for making purchases of supplies or services.

"Simplified acquisition threshold" means \$100,000, except that—

(1) In the case of any contract to be awarded and performed, or purchase to be made outside the United States in support of a contingency operation or a humanitarian or peacekeeping operation, the term means \$200,000; or

(2) For acquisitions of supplies or services that, as determined by the head of the agency are to be used to facilitate defense against or recovery from terrorism (defined at Public Law 107-296, Sec. 2) or nuclear, biological, chemical, or radiological attack—

(i) For any agency, in support of a humanitarian or peacekeeping or a contingency operation if initiated by a solicitation issued from January 24, 2003, to November 24, 2003 (Pub. L. 107-296, Sec. 853(a)), the term means—

(A) \$200,000 for any contract to be awarded and performed, or purchase to be made, inside the United States; and

(B) \$300,000 for any contract to be awarded and performed, or purchase to be made, outside the United States.

(ii) By or for the Department of Defense in support of a contingency operation if award is made and funds are obligated on or before September 30, 2003 (Pub. L. 107-107, Sec. 836(a)(1)(B)), the term means—

(A) \$250,000 for any contract to be awarded and performed, or purchase to be made, inside the United States; and

(B) \$500,000 for any contract to be awarded and performed, or purchase to be made, outside the United States.

“Single, Governmentwide point of entry,” means the one point of entry to be designated by the Administrator of OFPP that will allow the private sector to electronically access procurement opportunities Governmentwide.

“Small business subcontractor” means a concern, including affiliates, that for subcontracts valued at—

(1) \$10,000 or less, does not have more than 500 employees; and

(2) More than \$10,000, does not have employees or average annual receipts exceeding the size standard in 13 CFR part 121 (see 19.102) for the product or service it is providing on the subcontract.

“Small disadvantaged business concern” (except for 52.212-3(c)(2) and 52.219-1(b)(2) for general statistical purposes and 52.212-3(c)(7)(ii), 52.219-22(b)(2), and 52.219-23(a) for joint ventures under the price evaluation adjustment for small disadvantaged business concerns), means an offeror that represents, as part of its offer, that it is a small business under the size standard applicable to the acquisition; and either—

(1) It has received certification as a small disadvantaged business concern consistent with 13 CFR part 124, subpart B; and

(i) No material change in disadvantaged ownership and control has occurred since its certification;

(ii) Where the concern is owned by one or more disadvantaged individuals, the net worth of each individual

upon whom the certification is based does not exceed \$750,000 after taking into account the applicable exclusions set forth at 13 CFR 124.104(c)(2); and

(iii) It is identified, on the date of its representation, as a certified small disadvantaged business concern in the data base maintained by the Small Business Administration (PRO-Net); or

(2) For a prime contractor, it has submitted a completed application to the Small Business Administration or a private certifier to be certified as a small disadvantaged business concern in accordance with 13 CFR part 124, subpart B, and a decision on that application is pending, and that no material change in disadvantaged ownership and control has occurred since it submitted its application. In this case, a contractor must receive certification as a small disadvantaged business by the Small Business Administration prior to contract award.

“Sole source acquisition” means a contract for the purchase of supplies or services that is entered into or proposed to be entered into by an agency after soliciting and negotiating with only one source.

“Solicitation” means any request to submit offers or quotations to the Government. Solicitations under sealed bid procedures are called “invitations for bids.” Solicitations under negotiated procedures are called “requests for proposals.” Solicitations under simplified acquisition procedures may require submission of either a quotation or an offer.

“Solicitation provision or provision” means a term or condition used only in solicitations and applying only before contract award.

“Source selection information” means any of the following information that is prepared for use by an agency for the purpose of evaluating a bid or proposal to enter into an agency procurement contract, if that information has not been previously made available to the public or disclosed publicly:

(1) Bid prices submitted in response to an agency invitation for bids, or lists of those bid prices before bid opening.

(2) Proposed costs or prices submitted in response to an agency solicitation, or lists of those proposed costs or prices.

(3) Source selection plans.

(4) Technical evaluation plans.

(5) Technical evaluations of proposals.

(6) Cost or price evaluations of proposals.

(7) Competitive range determinations that identify proposals that have a reasonable chance of being selected for award of a contract.

(8) Rankings of bids, proposals, or competitors.

(9) Reports and evaluations of source selection panels, boards, or advisory councils.

Castle, Edwin S. (SES-2 General Counsel)

From: Kennedy, Patrick AMB
Sent: Wednesday, August 06, 2003 2:48 PM
To: Castle, Edwin S. (SES-2 General Counsel); [REDACTED]
Cc: [REDACTED] (CFO, CPA, Iraq); [REDACTED] (O-6); [REDACTED] O5
Subject: RE: Memo Contracting Procedures (Final)

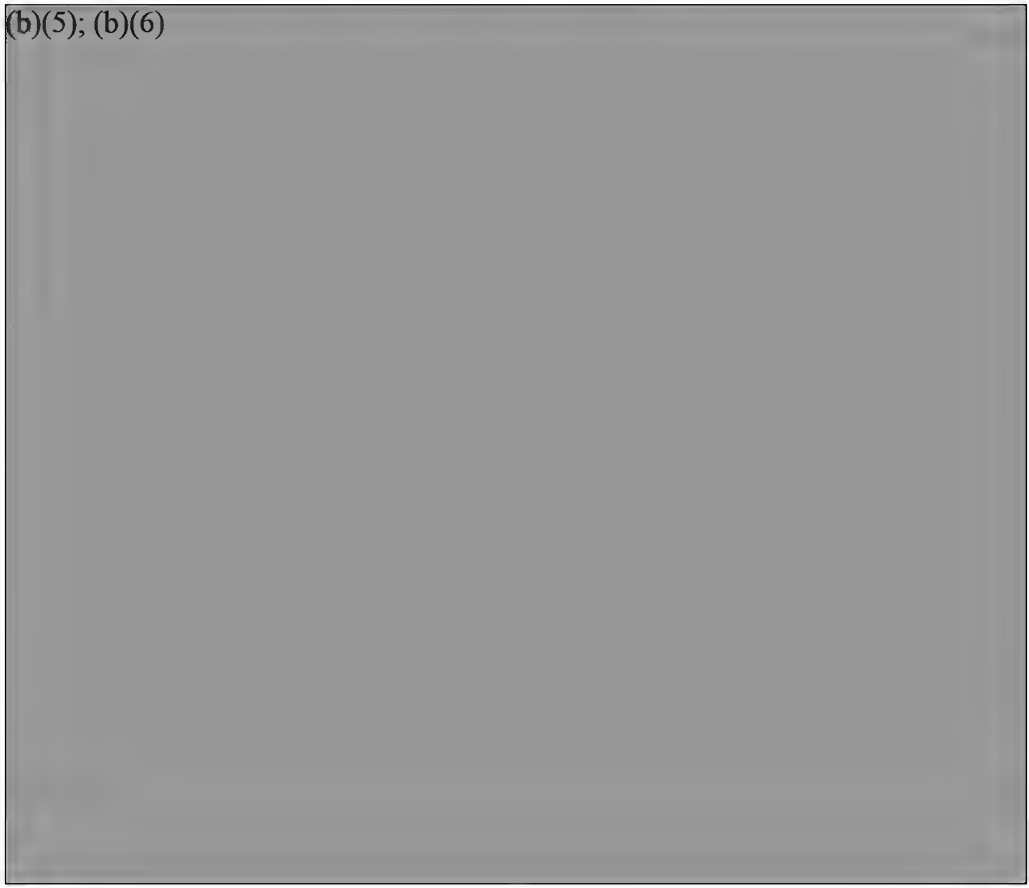
Please see interlinear comments below

-----Original Message-----


From: Castle, Edwin S. (SES-2 General Counsel)
Sent: Wednesday, August 06, 2003 2:36 PM
To: Kennedy, Patrick AMB; [REDACTED] (b)(6)
Cc: [REDACTED] (CFO, CPA, Iraq); [REDACTED] (b)(6) (O-6); [REDACTED] (b)(6) O5
Subject: RE: Memo Contracting Procedures (Final)

Pat. [REDACTED]

(b)(5); (b)(6)



8/6/2003



(b)(5)

[Redacted]

regards

pat

-----Original Message-----

From: Kennedy, Patrick AMB

Sent: Wednesday, August 06, 2003 1:39 PM

To: (b)(6) Castle, Edwin S. (SES-2 General Counsel)

Cc: (b)(6) (CFO, CPA, Iraq); (b)(6) (O-6)

Subject: RE: Memo Contracting Procedures (Final)

(b)(6)

[Redacted]

(b)(5)

[Redacted]

thaxn

pat

-----Original Message-----

From: [Redacted]

Sent: Wednesday, August 06, 2003 1:24 PM

To: Castle, Edwin S. (SES-2 General Counsel)

Cc: [Redacted] (CFO, CPA, Iraq); [Redacted] (O-6); Kennedy, Patrick AMB

Subject: Memo Contracting Procedures (Final)


(b)(5); (b)(6)

[Redacted]

8/6/2003

[Redacted]

(b)(5); (b)(6)




8/6/2003



(b)(5)




8/6/2003



(b)(5)




8/6/2003



(b)(5)




8/6/2003



(b)(5)




8/6/2003



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8/6/2003



(b)(5)




8/6/2003



(b)(5)



8/6/2003



(b)(5)




Section 13
Entry into Force

This Memorandum shall enter into force on the date of signature.

L. Paul Bremer, Administrator
Coalition Provisional Authority

8/6/2003



**COMMANDER'S EMERGENCY RESPONSE PROGRAM PROCEDURES
APPLICABLE TO VESTED AND SEIZED IRAQI PROPERTY AND
DEVELOPOMENT FUND FOR IRAQ**

APPENDIX E

PURPOSE: CERP is a CPA funded authority provided to the CJTF-7 for reconstruction assistance to the Iraq people. Reconstruction assistance is the building, repair, reconstitution, and reestablishment of the social and material infrastructure in Iraq. This includes, but is not limited to: Water and sanitation infrastructure, food production and distribution, agriculture, electrical power generation and distribution, healthcare, education, telecommunications, projects in furtherance of economic, financial, management improvements, transportation, and initiatives which further restore of the rule of law and effective governance, irrigation systems installation or restoration, day laborers to perform civic cleaning, purchase or repair of civic support vehicles, and repairs to civic or cultural facilities. With the dispersed locations of the military throughout Iraq, this will provide for a rapid means to positively impact local communities throughout the AOR. By pushing the monies down to Brigade Commander level, and using the Project Purchasing Officers (PPOs) this gets projects implemented in a timely and effective manner IAW CPAs mission.

GOVERNING REGULATION: Memorandum from Ambassador Bremer, dtd 15 June 2003, Subject: Commander's Emergency Response Program; CJTF-7 FRAGO 89 TO CJTF-7 OPOD 03-036

LIMITS: In order to effectively control CPA funds Ambassador Bremer has issued the following limits on 15 June 2003.

- **DIVISION COMMANDERS** - \$500,000 Ceiling, \$100,000 individual project limit
(Projects in excess of \$100,000 must be submitted through C8/Comptroller channels to OCPA for approval)
- **BRIGADE COMMANDERS** - \$200,000 Ceiling, \$50,000 individual project limit

TASKS:

- Project Purchasing Officers (PPOs) must be appointed, in writing, by their commander, have been certified as a Field Ordering Officer (FOO), and must maintain a copy of the FRAGO authorizing the CERP program.
- Coordinate for finance support with local finance elements to provide currency support and pay agent training.
- Secure Government funds according to regulations.
- Provide transportation and security to pay agents as required.
- Coordinate with organic finance elements for required pay agent documentation necessary to draw cash.

- PPOs must record all payments of SF44 to Document purchases made under this program. PPOs are authorized to make purchases and to pay for projects up to \$100,000 with the SF44 for this program only.
- PPOs must reconcile their accounts with finance, resource management, and their brigade/division commander. Commanders must clear PPOs with memo validating all projects.
- Commanders are not authorized to deliberately over pay. Extra precaution should be taken for expenses over \$10,000. For projects exceeding \$10,000, brigade commanders must inform division commanders' in advance to start of project, obtain three bids for the project, and identify an individual to manage the specific project to prevent fraud, waste and abuse.
- Projects over \$10,000 should be paid in progress payments if possible to avoid a lump sum payment.
- Commanders will consult with their servicing Staff Judge Advocate and Finance Officer, and Resource Managers for guidance on the implementation of this program within their command.

USAGE LIMITS:

- Funds will not be used for either the direct or indirect benefit of CJTF-7 forces, to include coalition forces.
- Funds will not be used for entertainment of local Iraqi population.
- Funds will not be used to fund any type of weapons buy back programs or rewards programs.
- Funds will not be used to buy firearms, ammunition, or the removal of unexploded ordnance (UXO) for any purpose.
- Funds will not be used for duplicating services available through municipal governments.
- Funds will not be co-mingled with Unit Operations and Maintenance Funds (OMA). PPOs must use separate SF44s and document register for these funds.
- Funds will not be used to provide support to individuals or private businesses (exceptions possible, i.e. repair damage caused by coalition forces)
- Funds will not be used to pay salaries to the civil work force, pensions, or fund emergency civil service worker payments. Salaries and emergency payments are handled directly by OCPA via Iraqi ministries and local GST. See COMCFLCC FRAGO 366/416 for these procedures.

REPORTS: Units will provide Weekly Commanders Discretionary Fund Feeder Report NLT 1200(L) Saturday to CJTF-7/CJTF-8 IAW FRAGO 89. The report will capture Unit, date of project, location, amount spend and project description.

Please refer to CJTF FRAGO 89 for exact procedures and reporting process by Contracting Officers.

Check List for Review of Compliance With Ministry of Planning
 "Instructions of Carrying Out & Following Up Projects & Works of National
 Development Plans"/Subcontracting Projects.

Note: Many of the words, phrases ect. are direct from the instructions and may be open to interpretation.

Criteria/Requirement per Instructions	Yes/No/NA Reference
<p>1. Does the selection of the "Counselors"/contractor meet the criteria in no. 1 and 2 of section "First Item: Choosing Counselors"?</p> <ul style="list-style-type: none"> • Precedence: Iraqi, then other Arab, then other countries based on criteria. • Criteria for other countries consideration: <ul style="list-style-type: none"> ◦ If determined by Iraqi experts to be in best interest. ◦ If governmental technical systems unable to do it (i.e. make vs buy type decision). • Contractor should not be the one which did the design unless necessary as approved by ministry. • If work is based on previous design, specification, have government sources been considered versus a contractor? 	
<p>2. Is the contractor on the "black list"? If Yes Follow Procedure Under "Twelfth item".</p>	
<p>3. Does the invitation/solicitation include the following:</p> <ul style="list-style-type: none"> • Solicitation number, name, and closing date. • Amounts to be paid in advance. • Statement - Amount paid for Solicitation document is non-returnable. • A brief description of the project with details of needed contractor services. • The basic rules of the contract and method of payment. • Time & Place of presenting offers. • Ask the contractor to present details of similar work & the body he was or is working on. • Ask the contractor to present details about the technical cadre, specialists working with him and anticipated equipment that will be used. • Ask the contractor for a statement about costs/project cost estimate. • State that any designs, drawings generated by the contractor become government property except in extraordinary cases approved by ministry. • Specify delay fines. 	

<p>4. Is the project to be awarded as:</p> <ul style="list-style-type: none"> • General tender: To invite all those who want to participate. • General invitation: To invite at least 3 specific competitors. • Direct Contract: According to the instructions issued by the planning counsel. • Honest fulfillment: According to accounting instructions issued by the cancelled planning counsel (cancelled). <u>(Question)</u> 	
<p>5. Is the award based on cost plus profit basis? – It should not be.</p>	
<p>6. Before starting the project, did the executive body complete the requirements of no. 1 under “Fourth item: Procedures for carrying out projects”?</p> <ul style="list-style-type: none"> • Was an accurate study about the estimated cost/”standard to be used” determined before analyzing offers? • Was a time period estimated for the project after consideration of annual budget/funding requirements/limitations? • Are all maps, drawings, conditions, and specifications ready? • Are all location approvals received and legal obstacles addressed? • Is the location/site ready for activity? 	
<p>7. Did the executive body “...prepare studies about the benefit of the project according to instructions numbered (1) for the year 1984 and their attachments” per “Second item: Technical & Economical Benefit”? <u>(Question)</u></p>	
<p>8. Did the executive body, or the responsible group, follow the requirements of no.'s 2 through 12 of “Fourth item: Procedures of carrying out projects”.</p> <ul style="list-style-type: none"> • See that offers presented in a sealed envelope after writing the name, number of offer, and name and address of ministry. • Certificates and documents should be attached to offer. • Did the presenter write his address? If an agent, does he have authorization papers? • The contractor should provide the names of offices he worked for. The executive bodies should contact those offices as the contractor is not required to bring certifications from them. • Government employees are not able to offer tenders either directly or indirectly. • If there are any changes to solicitation, are all contractors notified? • Contractor tenders/offers are to be registered. • Other per procedure. 	

9. Was a committee established, to open offers, meeting the criteria in no.s 1 through 3 of "Fifth item: Procedures of receiving and opening offers".

- Has a committee been established to receive and open offers? Is it comprised of:
 - An applicable general director
 - Legal office representative
 - Finance office representative
 - Engineer
 - Executive body representative
 - Secretary
 - Two other representatives
- If the project is to be handled by a "governate", has a central committee been formed to receive and open offers? The committee would consist of:
 - Governor or assistant
 - Members of offices
 - Secretary (observer)
- Bids/offers can be put in a "bid box" or sent by mail. Are the offers properly registered/solicitation record. The record will include the solicitation name and number and all contractors receiving the solicitation and all those responding. Was a receipt (of offer receipt) given to contractor with copy kept?

10. Did the committee, established to open offers, comply with the requirements of no.'s 8 and 9 under "Fifth item: Procedures of receiving and opening offers"?

- Put following info. In special file:
 - Name and number of solicitation.
 - Name and address of offeror.
 - Name and address of bid bearer.
 - Date and time bid was received.
 - List attachments sent with the bid.
- Observe offer envelope seals – are they secure?
- Address initial payment issues.
- No. of bid pages.
- Note bid omissions.
- Evaluate contractor insurance information provided.
- Check for signatures on all pages.
- Tie unit prices per detail "bill of quantities" to total offer. If there were corrections to the "bill of quantities" make sure they are initialed by the contractor.
- Note required documentation:
 - Valid ID of Iraqi contractor's union (if Iraqi).
 - Identification letter of company.
 - Elementary collateral.
 - Certification from taxes board.
 - Certificate of registered contractors.
 - A list of similar work done by the contractor including current contracts in process with schedules and contacts.
 - Standard of living which the contractor will provide for non-Iraqi workers and tow prices.
 - Contractor info. Such as board member nationality, board of directors and owners and financial statement information.
 - Proposed period of performance.
 - Identification of cadre and equipment to be used.
- Noting and documentation required but not provided.
- Summarize review
- Seal/contractor documents after signing by members of the committee.
- Announce and transfer offers to the auditing/executive committee.

<p>11. Did the Executive body analyze the supplied offers in accordance with the provisions/requirements of no.'s 1 through 13 of "Sixth item: Procedures of auditing and analyzing offers and organizing contracts".</p> <ul style="list-style-type: none"> • Was the auditing and analysis of offer completed no later than one month after offers? • Analysis performed in Iraq unless permission received for outside review. • Any committee disagreements, include in report. • After analysis, a table of offers prepared with the nominated contractor plus justification. Also, a comparison to the estimate/standard calculated under "Fourth item: 1a." • Did the executive body ask for explanations and technical information to complete analysis (not a requirement)? • Did the contractor bid on the whole job? A partial bid is not acceptable. • If negotiations took place, was minister approval received? • Before finalizing the award/tender, was the financial and technical stability of the contractor determined? • Prior to contract award, were appropriate legal issues, responsibilities and requirements identified for inclusion in the contract. This includes applicable contract clauses. • After contract award, was disposition of insurance handled according to policy (no.'s 8-12) i.e. kept, returned ect? • Was the contract winner given notification within 15 days of award? • Was copy of contract retained and one given to contractor? • Where the applicable ministries, central static system, central bank, pension office & social security of workers and other applicable offices notified of the contract award? • Are delay fines and insurance requirement address/determined? • Other stated requirements. 	
12. Did the executive body generate a report in which it nominates a contractor along with justifications? (per no. 4 of "First item: Choosing counselors"	
13. If the project is complete, is there a "certificate of delivery" or "taking over certificate", which is given to the contractor? This signifies the work is primarily complete either by project portion and or in total.	
14. After project completion, there is usually a 12 month period "maintenance", where defects and problems are to be remedied by the contractor. If after the 12 mo. There are no problems, a "Final Acceptance Certificate" is issued. If conditions warrant, determine if this certificate has been issued.	

Documents used to generate above check list:

- Republic of Iraq, Ministry of Planning, "Contract Conditions for Civil Engineering Works The First and Second Part"
- Republic of Iraq, Ministry of Planning, Legal Office, "Instructions of Carrying Out and Follow Up Projects & Works of National Development Plans"
- Republic of Iraq, Ministry of Planning, Legal Office, "Conditions of Contract for Electrical, Mechanical & Process Works (1987)"
- Interpretation From Col. Bell, "Instructions to Follow Up the Procurement of the National Development Projects".

31. Transportation:

a. Loading and unloading circumstances:

The contractor has to manage the loading and the unloading of all the equipment. He has to make sure of the bridges and arches.

b. Transportation:

The contractor has to make all the necessary arrangement to avoid any damage. He chooses the means of transportation himself to be used by the subcontractors.

c. Special loadings:

If the contractor finds out that y using certain way there might be some danger then he has to make the necessary arrangements. He has to inform the engineer of any changes.

d. Sea transportation:

If work requires some transportation by the sea then the same will applies to sea transportation.

32. Facilities for the contractors:

The contractor has to provide all the required facilities for other contractors. He is responsible for the equipment and their maintenance.

33. Equipment, materials and workers supply:

The contractor has to provide all the equipment for the construction. He pays for the workers and takes care of transportation.

34. Cleaning headquarter:

1. The contractor has to make the necessary arrangement to keep headquarter clean. He has to remove unnecessary equipment when work is over.
2. When work is over the contractor has to remove all the left over.

35. The contractor's workers:

1. Providing workers:

- a. Providing engineers, technicians and supervisors who have experience.
- b. Professional workers and non professional workers.

2. The engineer's right to give his opinion:

The engineer has the right to give his opinion and he can fire any worker if he finds out that he is not good for work.

3. Additional arrangements:

If the engineer thinks that work is not performed according to the standard, the contractor has to make all the necessary arrangements to be up to the required standard.

4. Payment files:

The contractor has to be responsible for the files of payment in Iraq he has to make sure of work hours and payment before submitting them to the engineer.

5. Periodical check on workers:

The contractor has to give the engineer a monthly check upon the workers in addition to the subcontractors.

6. The commitments of use:

a. Hiring workers:

The contractor has to make all the arrangements of hiring local workers.

- b. He has to supply the workers with he necessary water.

c. Behavior:

The contractor is responsible for the behavior of his workers.

d. Alcohol and drugs:

The contractor is not allowed to import, sell or give drugs to his workers and subcontractors.

e. Weapons:

The contractor can not give or use any weapons and he can not allow any body to use them.

f. Feasts and religious habits:

The contractor has to put into consideration the feasts and religious habits when workers have a holiday.

g. Plagues:

If there is any plague, the contractor has to obey the orders given by the Iraqi government and health sector.

h. Obeying the laws:

The contractor is responsible for the subcontractor's following the law.

36. Statistic Information:

1. The contractor has to provide the engineer assistant with:

a. Schedule of work and workers.

b. Information about Installation.

c. The needs of materials.

d. Periodical reports of implementation.

2. The contractor has to provide the general statistic centre with the statistic information.

37. Tests:

1. The quality of the materials and work:

The materials have to be up to the standards of the contract.

2. The cost of symbols:

The contractor supplies all the symbols and pays for them.

3. The cost of tests:

The contractor pays for the tests.

4. The costs of unlisted materials:

The contractor pays for the test if the engineer finds out that work is not up to the conditions.

38. Entering work and the resource of materials:

1. The engineer and his assistant can enter work any time they like to.
2. During work hours only the contractor, his subcontractors and his worker.

39. Testing work:

1. Checking work before covering it:

Work should be covered after the approval of the engineer.

2. Making wholes:

The contractor has to make it obvious that there are some wholes in part of the work.

40. Refusal:

1. Lifting the rubbish:

- a. Picking up the rubbish.
- b. The engineer's right to stop the work.
- c. Picking up the bad work.

41. Stopping temporarily:

1. Temporal stop:

The contractor may stop work for a while after he gets an approval from the engineer. If stopping work requires additional expenses, the owner is responsible for them.

3. Stopping for more than 90 days:

If work stops for more than 90 days, the contractor and the owner has to make the necessary arrangements to start work again.

42. Starting work:

The date of the contract if the date of starting work if there is no other condition about this.

43. Delivering the work:

1. Delivering:

The contractor controls that part of work which enables him to implement without any delay.

2. Costs of passing:

The contractor pays for all the costs of passing to work and he pays the taxes.

44. Time table for finishing work:

The contractor has to finish work with in the schedule.

45. Extending time table for finishing work:

1. The contractor can ask for more time in these cases:

- a. If there is more work to do which may affect the delivery.
- b. If the delay is due to certain commitments of the owner or the work.
- c. If there was exceptional conditions which appears after signing the contract.

2. The contractor has to submit a request to the engineer in order to give him more time to finish work.

46. Not working at night or on Fridays:
Permanent work is not allowed at night or on Fridays.

47. Work progress:

All the materials used have to be up to the standard of the work and if the contractor needs to work at night in order to be more productive then the contractor has to approve it.

48. The liquidated damages:

1. If work was not delivered on the exact date then the contractor has to pay for the owner liquidated damages.

2. Lessen the liquidated damage:

If part of the work was delivered, the liquidated damage would be lessening according to the performed work.

49. Delivery Certificate:

1. If the engineer thinks that permanent work is over, he has to give the contractor a certificate of delivery.

2. The date of finishing the permanent work is when the liquidated damage stops.

3. This certificate means that the contractor has finished most of the work.

50. Maintenance:

1. Maintenance Period:

The period for maintenance is 12 months (a year) unless the engineer rights a certificate of the period.

2. Implementing the maintenance:

a. The contractor has to make all the maintenance before the time for the contract is over according to the reports.

b. The contractor has to make all the maintenance on his account if the reason behind them was due to using bad materials or due to neglect.

3. The contractor is unable of implementing:

The owner of work can (with out the permission of the court) ask the contractor to pay for the rest of the work if he is unable of implementing.

51. The contractor's Investigation:

The contractor has to make sure of the damages and maintenance work because if it was not part of his responsibilities then the owner of work is responsible for them.

52. Changes and orders of changes:

1. Changes:

The engineer has the right to make the necessary changes and he can order the contractor to do:

- a. More or less work.
- b. Deleting any part of the work.
- c. Changing the quality.
- d. Changing the measurements.
- e. Performing additional work.

2. Orders of change:

- a. The contractor has to get a certificate from the engineer in order to make any changes.**
- b. The contractor has to inform the engineer of any change in the priced schedule.**

53. Counting the changes:

1. Counting the changes:

The engineer put the amount of money to be added to the contract.

2. Changes of the priced schedule:

- a. The cost of materials should be taken into consideration.**
- b. In case of changing one of the items in the schedule, the cost should be added to the new cost after the agreement between the contractor and the engineer.**
- c. According to the changes, 20% is allowed after the agreement between the contractor and the engineer.**
- d. If there is lessening in the prices of more than 20%, then the contractor has to be compensated for any expected profit.**

3. Disagreement on prices:

In case of disagreement on the price between the contractor and the engineer, the contractor has to go on implementing work according to the prices determined by the engineer.

4. Daily work:

The engineer can order of performing any additional necessary work. But he has to pay the contractor in return of this work.

5. Requests of compensation:

The contractor has to submit a monthly list of the compensations in orders to get the additional money from the engineer.

54. Installation equipment and temporal work:

1. Using the equipments in work only:

The equipment can not be used other than in work and it can not be transferred with out the permission of the engineer.

2. Lifting the equipment:

When work is over the contractor has to lift all the equipment whether they belong to him or to the owner.

3. The owner is not responsible for any damage or loss of equipment except what was mentioned in item 20.

4. Customs:

The owner has to help the contractor to get the certificates for the customs.

5. Re-exporting:

The owner has to help the contractor in getting the certificates for exporting.

55. The certificates are not included:

The engineer is not supposed to agree on the materials.

56. The quantity and the prices:

1. The quantity in the priced schedule is relative and not real.
2. The price of any item is according to the cost.

57. The necessity of measuring the work:

1. The engineer has to determine the work which has been already done.
2. The engineer has to inform the contractor to attend the measurement process.
3. The contractor has to prepare the maps and files necessary for the measurement.
4. The engineer decides on any disagreement between the assistant and the contractor on the measurement.

58. The way of measuring:

The measurement takes place according to the regular survey of measurement and civil engineering works of the ministry of planning.

59. Reserved money:

1. Reserved money in the priced schedule:

Any money assigned by the owner for the implementation of work.

- a. The contractor's implementation of work is priced according to item 53.
- b. The subcontractor's implementation.

2. Whole reserved money for the contract:

The money assigned by the owner and is spent by the approval of the engineer.

60. The subcontractor:

1. Identification:

The professionals or the business men who implement part of the work.

- a. The subcontractor and the contractor are responsible in front of the owner for the work.
- b. The subcontractor saves and compensates the contractor for any loss or damage.

2. The pay abilities of the subcontractor:

- a. Real cost of materials approved by the engineer.
- b. Percentage of the price in return for the efforts and facilities performed by the contractor.

3. Payment to the subcontractor:

Before giving any certificate of finishing work, the subcontractor has to be paid according to the contract.

61. Transferring the commitments of the subcontractor:

If the subcontractor was committed for a period more than the maintenance of the contract, the contractor transfers the benefits of this to the owner.

62. The conditions of payment:

1. Loans taken on behalf of the done work:

- a. The contractor may take loans by cutting 10% from his done work but these cuts should not be more than 5% from the total of the contract.
 - b. The contractor submits a monthly report to the engineer assistant about the price.
 - c. The engineer is not obliged to certificate any loan for the contractor.
- c. Accepting the loan on the work does not mean accepting the work itself.

- e. If there is a disagreement, the contractor should get all his money and he is not supposed to wait till the disagreement is over.
- f. The delivery certificate does not prevent paying the money.
- g. Half of the money of the contract has to pay on the delivery.
- h. The rest of the money will be given when the final agreement is certificated.
- i. The contractor does not need to be paid a compensation for the delay of more than 30 days.
- j. The engineer can change any certificate given to the contractor.

2. Loans on behalf of the equipment:

It's done according to the conditions of the second part.

3. payment in foreign currency:

If the implementation of work is going to be by using foreign workers then the payment should be in foreign currency.

63. The certification:

Any certification other than the final acceptance if not a certificate of finishing work.

64. Final acceptance:

1. Final acceptance certificate:

The contractor has to inform the engineer that maintenance period is over.

2- The owner of the business is not responsible for any matters concerning the contract.

3- Non- achieved commitments – the owner of the business is responsible for all the items which are not achieved before issuing the “final acceptance certificate”.

4- The contractor has the right to reach to all business locations or his authorized representative.

5- The “final acceptance certificate” will be considered as the official evidence in any court, and this certificate will be uncorrected in the following case:

a- Any deliberate cheating in the business.

b- Any shortage in the business items.

c- Non- indented inclusion for any business or materials or numbers or any mistake in accounts.

65

1- The business withdrawal.

The business owner: The owner can withdraw his work if:

- a. If the contractor has a bankrupt.
- b. If the contractor submits a paper of bankrupt.
- c. If the court wanted to restrain his properties.
- d. If the contractor was in debt.
- e. If the contractor done the work under the super vision of his debts.
- f. If the company announced its failure.
- g. If the contractor leaves the work without the permission of the owner.
- h. If his properties were restrained.
- i. If the engineer reported that:

- The contractor did not sign the contract.
- The contractor stopped work for more than 30 days.
- The contractor has not lifted the equipment after work.
- The contractor neglects the contract.
- The contractor has made a subcontract in way which may affect the quality of work.

2. Estimating work on the withdrawal:

The engineer has to mention how much the contractor owes them with comparison with the done work.

4. The contract settlement after withdrawal:

If the owner restrained the headquarter, the contractor should not pay until the maintenance period was over.

66. Quick maintenance:

If the engineer thinks that there is necessary maintenance which has to be done, and the contractor is unable of doing it, the owner of the work has to take care of this work.

67. Finishing the contract:

1. The contractor can finish the contract in case Iraq is facing an attack or a war.
2. The contractor and the owner make the arrangements if finishing the contract is no more possible.
3. The contractor lifts all the equipment from the headquarter when work is over.

68. Payment after finishing work:

1. The main payment for the permanent work.

in addition to the costs of returning these equipment to the country of the contractor if he asked for this immediately after pilling out them from the location.

5. The costs of returning back the workers to their country.

The owner has the right to get any amounts related to loans of materials and equipments.

Article No. 69: Judiciary

If any disagreement occurred between the owner and the contractor, the engineer should try to solve the problem. His decision is final and both sides should obey him. In case of refusing his decision, they have the right to go to the court within 30 days as follows

Both the contractor and the owner must assign a judge and the two judges should assign a third judge. If the disagreement continued for 14 days they have the right to go to the court to assign the third judge according to the civil law.

Judiciary should not be started until the end of the works. The wages of the judges are paid by the part who asks for going to the court. The process should be undertaken according to the Iraqi laws.

Article No. 70 : Letters

1. Letters to the contractor

Letters or warnings should be sent to the contractor by mail or directly to his office. If it was a foreign company, the letters should be sent to the main office in Iraq.

2. Letters to the owner or engineer

Letter should be sent to the owner or engineer by mail or directly to his office.

Article No. 71: Obtaining Debts

Debts are taken according to the law of getting governmental debts.

Article No. 72: The law which should be applied on the contract

The contract is submitted to Iraqi laws and instructions.

Conditions of civil engineering works
Second part
Special applying conditions

1. Definitions

- a. Name of the owner :
- b. Name of the engineer:
- c. Names of works parts:
- d. Any other definitions:

2. Execution security should be according to article No. 10 in the first part according to the following rates in addition to substitution amount referred to it in article No. 59 .

8% for the first half million

6% for the second half million

5% for the second million

4% for the third million

3. Presenting the plan of work within () days of contract validity.

4. The minimum insurance on responsibility is().

5. The daily delay fine is () and the maximum total of fines is().

6. The minimum value of accomplished works for monthly materials for the purposes of loans is ().

7. The administrative responsibilities when the owner execute any of the contractor works is () of the actual cost.

8. Giving loans for equipments included in works.

a. materials, equipments and machines imported from outside the country: 75% of the costs of these equipments should be given in addition to customs and other expenditures. If the contractor is Iraqi the amounts will be taken from Al- Rafidain bank.

The following points should be taken under consideration:

First: the engineer should confirm that the quantities of these equipments are necessary for works.

Second: The engineer should confirm that the kind and specifics of these equipments are according to the contract.

Third: The value of these equipments should be according to supplier lists without exceeding their prices in the contract.

b. Materials and equipments imported by Iraqi governmental offices and social sector:

The contractor can obtain a confirmation to get the quantities needed by the governmental offices, but not more than 75% of the value.

c. Materials and equipments in the location:

Giving loans for these materials is according to items (a) and (b) above.

9. The payment should be in hard currency according to conditions stated below.

-
-
-
-
-
-

(Form of contract)

This contract has been assigned on the day of the month in the
year between the owner of the work and
the contractor

The agreement is to carry out the works according to the contract for the
amount . Delivering works should be at days.

From another side, the owner agreed to pay the due amounts according to
prices and conditions of the contract.

The following documents are completing each other to be part of the
contract:

1. Contract form
2. Contract conditions first and second parts.
3. Quantity table
4. maps
5. Specifics
6. Letter of authority
7. Offer form
8. Contractor offer
9. Instructions of offers presenters

This contract is signed by both parties mentioned above.

The contractor

the owner

Name:

Name:

Address:

Address: (His Position)

**Republic of Iraq
Ministers Council
Planning Board
Legal office**

**Contracts Instructions
Purchase & Supplement
To Governmental Departments & Associative
Sector**

2001

**Instructions about underbidding for government offices
and Associative sector
First Chapter**

***Purchasing and supplying government offices and
associative sector with materials and services from abroad***

Article 1

First:

A. The company who is in charge should specify the material needed to be imported and make a full description for this material including the prices putting in consideration the indecision in prices.

B. The formal approvals must be obtained from the specialized office in the light of what had been planned according to the specified amounts of money and instructions given.

Second: The aim of import is to get the best services available and best prices and it depends on the following ways:

- A. The documents of this tender should be edited and to be advertised through local advertising means and through Iraqi embassies abroad. Fax, Telex, and internet may be used if the above means are unavailable. The date of tender closing should be specified and also the first insurances, time of tenders to be expired and any tender is given after closing will not be accepted.

B. The Invitation for contracting the companies will be through variable communications (Telex, Fax and Internet...etc) with a minimum of three companies except exceptional cases.

C. The invitation contains contract conditions for famous companies. It is preferable to investigate upon the companies before contracting them.

Article 2

The conditions should declare:

1. Specify the quantity and the required facility, more or less can be added after the approval of the minister before signing the contract.
2. Full description of materials and required facility.
3. Specify the update for submitting.
4. It is preferable to specify the origin of the imported cargo.
5. Identify the place where bids can be submitted or mailed to in a closed envelop.
6. The price will be according to the place (CFR-CAF-FOB...etc).
7. Identifying payment conditions (according to the quality, facility and funding conditions).
8. Specify the date and the way of consigning the cargo.
9. The period of supplement and implementation.
10. Specifying the liquidated damage according to the conditions.
11. Specifying the insurance for implementation, minimum of 2% and maximum of 10% of the contract.
12. Submitting expertise certificates.
13. Assigning an impartial body to check upon the materials and the implementation.
14. Assigning the authority of final agreement to a special board.
15. It is not necessary to accept the lowest bid.
16. The minister and the one in charge can add any condition to ensure the arrival of the cargo.
17. Any additional conditions are according to the contract.

Article 3

1. The committees of the bids will be formed in the office concerned within certain limits of time.
2. Bids can be submitted in ministry box or by sending them through (Fax, Telex ...etc).

It should contain:

- a. Name and number of contract.
 - b. Name and full address of the contractor inside and outside Iraq.
 - c. Submitter name.
 - d. Date of submitting.
 - e. Additional attachments.
3. The committee of bids has to meet in the first hour of day work at the last day of accepting bids in order to check the bids.

Article 4

1. Forming a committee in each department to analyze the bids technically, financially and legally.
2. the committee presents a list of the name of the company, Nationality, facility, quantity, properties, consigning, prices and the way of payment.
3. The committee can ask for more technical information to avoid any inconvenience.
4. The minister can ask for more or less if it does not affect the prices.
5. The minister can give the bid to more than one company if the quantity required is much.
6. The minister can assign an order to some companies to achieve a special mission.
7. The committee of analyzing bids should finish its work before approaching the contractors.

Article 5

The remittance will not be valid without the certificate of the minister or the one in charge.

Article 6

1. After analyzing the bids and deciding the best one, the contractor should be informed to sign the contract within 15 days.
2. If the contract dictates to give part of the payment, the contractor has to submit an insurance bill.
3. Contracts are made in the legal department containing:
 - a. The name of the contract, the facility, quantity, number of contract and a checking certificate.
 - b. Contract number and date.
 - c. Specifying the collaterals and the liquidated damages.
 - d. Name of two contracting sides.
 - e. The price and the measurement.
 - f. Total value of the contract.
 - g. The way of payment and its conditions.
 - h. Specifying consigning papers.
 - i. Specifying the way of solving troubles according to the Iraqi law no. 56 for the year 1977.
 - j. Names and addresses of the two contracting sides.
 - k. Specifying additional conditions.
 - l. The contractor can not give up any of the facilities given to him.
4. The office can insure the contract by all the means of communication.

Article 7

1. a. After signing the contract, the office will open a credit in an Iraqi Bank.
b. Attaching importing license.
2. The office will open the credit and chase the consigning of the cargo according to the schedule.
3. The board in charge receives the materials and the cargo.
4. The board in charge will check upon the quality of the imported materials and whether they agree with the contract.

Article 8

The minister or the one in charge may suggest to the ministers council listing the contractor in the black list if it has been proved that he:

1. Bribes or tries to bribe one of the employees in the general or associative sector.
2. Any try to cheat in the papers.
3. Giving false information.
4. Violating the conditions of supplement and the technical properties.
5. Improper business behavior by following illegal competitive practices.
6. Refusing to sign the contract.

7. Submitting a vague bid.
8. Including some commitments in the contract affecting other contractors.

Article 9

The departments in charge have to follow these Instructions.

Article 10

Applying the instructions of implementing and following up projects and national developing plans.

Second Chapter

Supplement & purchase governmental departments & associative sector with materials and facilities in Iraq

Article 11

1. These instructions apply for all processes of purchase.
2. There is a need for supplement in the concerned office.
3. Allocating funds for purchase.
4. Final agreement on the purchase.
5. Direct purchase from governmental departments and associative sector.

Article 12

The basic rule in purchase is to get the best quality in the best price by:

1. General contracting.
2. Direct Invitation.
3. Purchase Committees.
4. Direct purchase.

Article 13

After preparing the papers of the contract, there will be an announcement for the bidders through TV & newspapers. The announcement should contain the last date of submitting.

Article 14

The conditions should be detailed to declare the purpose behind the announcement as follows:

1. Detailed properties of the materials and the facilities.
2. The period required for supplying the materials and the place of supplement.
3. Specifying the way of payment whether it is one time payment or divided to multiple times.
4. a. Specifying conditions for the liquidated damages in case of lack of supplement or implementation. It should be minimum of 5% and maximum of 15% of the contract.
b. Specifying the administrative charges when the implementation costs 20% of the actual expected cost.

5. Insurance, of two kinds:

a. Elementary Insurance:

It has to be submitted with the bid in order to be confiscated when the bidder refuses to sign the contract. The percentage for the elementary insurance is 3% of the contract.

b. Terminal Insurance:

It should be taken on signing the contract, and its percentage is 5% of the contract.

c. The money is paid cash, a credit order or a certificated check.

6. The office is not obliged to accept the lowest bid.

7. If the materials need some imported cargo, the contractor has to provide them in competitive prices.

8. In case of hiring experts from a foreign company the payment will be in foreign currency.

Article 15

Any contractor who wants to bid can submit a bid with a certificated from the general board of taxes.

Article 16

1. Forming a special committee for opening the bids. The committee can be temporal or permanent according to the size of business.

2. The bids will be submitted to the secretary of the committee in charge as follows:

a. Name and number of the contract.

b. Name and address of bidder inside and outside Iraq.

c. Name and address of the contractor.

d. Date of delivering the contract.

e. Additional papers requested with the bid.

3. The committee of bids holds a meeting at the last day of accepting bids.

Article 17

1. Forming a committee of four employees and headed by one or more than one committee (according to the needs) to analyze technical, financial and legal aspects of the contract. It can be changed every six months.
2. The committee of analyzing bids is responsible for checking the implementation of contract conditions.
3. If only one bidder submits on the first announcement, there should be another one.
4. The elementary insurance will be confiscated if the contractor does not sign the contract.
5. The committee has to finish its job before closing the bids.
6. The minister or the official in charge has to certificate the remittance.

Article 18

Announcement for the bids will be through the media and the invitation is direct.

- a. Invitation for the companies, offices and factories concerned minimum of three.
- b. The bids will be submitted in a closed envelop.
- c. Applying the same instructions as for the general contracts.

Article 19

- a. Forming purchase committees of three experts to handle the process of purchase and providing facilities. The committees can be changed every six months.
- b. general instruction of the budget is applied to the government offices. But as for private companies the instructions of the minister will be applied.

b. general instruction of the budget is applied to the government offices. But as for private companies the instructions of the minister will be applied.

Article 20

Purchase from the departments in charge will be according to the financial and administrative instructions.

Article 21

The minister could suggest listing the contractor in the black list if it was proved that he

1. Bribes or tries to bribe one of the employees in the general or associative sector.
2. Any try to cheat in the papers.
3. Giving false information.
4. Violating the conditions of supplement and the technical properties.
5. Improper business behavior by following illegal competitive practices.
6. Refusing to sign the contract.
7. Submitting a vague bid.
8. Including some commitments in the contract affecting other contractors.

Article 22

Applying the instructions of implementing and following up projects and national developing plans.

Republic of Iraq
Ministry of Planning
Legal Office

Instructions Of
Carrying Out & Following Up
Projects & Works of National Development Plans

Contents

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First item: Choosing counselors

1. Counselors are chosen from Iraq, then Arab countries, then other countries and taking under consideration the following:
 - a. Foreign counselors should not be appointed unless it is necessary with the participation of Iraqi experts.
 - b. Any work should not be given to the counselors except when the governmental technical systems are unable to do it.
 - c. Counselors should not be appointed for previously designed works. Ministries should ask the help of the governmental technical systems to do the work.
 - d. The counselor should not be the same contractor who prepared the designs unless in case of ready project (key in the hand). The contract should be carried out according to rules.
2. Three counselors who are registered in Iraq are invited for the process of selection according to the laws
3. The invitation should include the following:
 - a. A brief description of the project with details of needed counsel services.
 - b. The basic rules of the contract and the way of payment.
 - c. Time & place of presenting offers.
 - d. The procession of designs and maps prepared by the counselor is related to the contracted body. The counselor is prevented from giving any information about the project unless he gets ministry authorization.
 - e. Asking the counselor to present details of similar works & the body he was or currently is working for.
 - f. Asking the counselor to present details about the technical cadre and specialists work with him.
 - g. Asking the counselor to present a statement about costs.
4. The executive body should study and analysis offers, then it should present a report in which it nominate a counselor name with justifications.
5. The executive bodies should determine delay fines in the contract.
6. The executive bodies should not ask the counselor about the preliminary insurance on their commitment, but insurance letters taken to cover cash loans, if any.

Second item: technical & economical benefits

The bodies should prepare studies about the benefit of the project according to instructions numbered (1) for the year 1984 and their attachments.

Third item: Methods used to carry out projects

1. Projects are carried out by one of the following methods:
 - a. General tender: To invite all those who want to participate.
 - b. General invitation: To invite at least three contractors of companies or establishments for their technical & financial efficiency.
 - c. Direct fulfillment: According to the instructions issued by the cancelled planning council.

- d. Honest fulfillment: according to accounting instructions issued by the cancelled planning council.
- 2. The project should not be carried out on the base of cost plus benefit.

Fourth item: Procedures of carrying out projects

- 1. The executive body should complete the following before starting the project:
 - a. Preparing an accurate study about the assessed cost to be used as standard when analyzing offers.
 - b. There should be allocations in investment plan and determining time to start according to the annual allocations.
 - c. There should be a previous certification for the report of the benefits from authorized body.
 - d. The conditions, specifications and maps should be ready to avoid changing or additions during execution or following the instructions of ready projects.
 - e. Getting the approvals for location and the needed land for the project.
 - f. Removing legal obstacles from locations.
 - g. The location should be ready partly or completely according to the plan.
- 2. The price of each group should be determined in the bonds and accord with its importance and cost.
- 3. The formula of ads should include the following information:
 - a. The name & No. of the tender.
 - b. Time & place of selling bonds.
 - c. The rate if preliminary insurance.
 - d. Closing time of the tender.
 - e. The price of bonds (not paid back).
 - f. Degree & category of the contractor.
- 4. Instructions should include the following:
 - a. Offers should be signed and presented inside a sealed envelope after writing the name and number of the tender with the name and address of the ministry or office.
 - b. Certificate and documents should be attached with the offer.
 - c. Prices should be written with numbers and writing. The price of each unit for each item must be the same in quantity table without change. All the pages of the table should be signed.
 - d. It is not allowed to delete information and after each correction, the whole table should be re-written and signed.
 - e. The presenter of the offer should not omit any item. In case of preservation, they could be written in spread sheet and referring to them inside the offer.
 - f. The presenter should write his address. If it was his agent he should bring the authorization according to law.
 - g. The details of the contracts, starts time and completion time should be presented with the names of offices he worked or still working for. The executive bodies should contact these offices. The contractor is not asked to bring certifications from those offices.

5. Governmental employees are not allowed to participate in tenders directly or indirectly.
6. During the period of as, it is not allowed to omit or amend any condition except when it is very necessary. The change should be sent to all the participants before the closing date.
7. The body should prepare a record to the tender to register the following:
 - a. Name & No of the tender with the closing date.
 - b. Names & address of bodies which got the bonds.
8. It is not allowed to give any information about names or address of the contractors during ad period.
9. Ads are sent to the specialized body in Iraq, but if the ad is outside Iraq, the information should be sent to Iraqi representative bodies to announce and sell bonds on behalf of the execution body.
10. Bonds could be sent by mail when the claimer pay post fees and decided price.
11. Foreign representatives in Baghdad could be supplied with free copy. It is not used to participate in the tender.
12. Invited contractors are supplied with tenders' bonds directly. The executive body ould pay fees & expenditures of the post.

Fifth item: Procedures of receiving & opening offers

1. In each ministry there should be a committee for opening offers, the head of the committee should be a general director with a representative from each legal office, financial office, engineer, executive body representative, secretary (chief observers) and two other preserved members.
2. Committees for opening offers could be formed in offices related to the ministry according to the above item.
3. A central committee is formed in each governorate, in which the governor or his assistance is the head of the committee with membership of offices and a secretary (observer) to open offers of the governorate
4. The way of presenting offers is either by putting them in offers box or by giving them to the secretary of opening offers committee who will make two copies of the receipt. One is given to the contractor and the other one is kept in the office. In addition the following information should be registered in a special record.
 - a. Name & No. of the tender as it is written in records.
 - b. Name of offer presenter and his fill address inside & outside Iraq.
 - c. Name, address and signature of tender holder.
 - d. Tine and date of offer recipient.
 - e. Additional attachments if any.
5. Offers could be sent by mail at or before the closing date. The secretary should register these offers according to item No. 4.
6. The secretary should give the offers to the head of the committee in closing date. Offers are refused after this date.
7. The Minister is allowed to receive offers sent be mail after the closing date but before auditing and analyzing offers according to item (9-B).

8. The committee of opening offers should meet after the closing date and starts to open them. the following things should be noticed:
 - a. To be sure of the seals on the envelope.
 - b. Refusing offers without preliminary insurance. The minister is allowed to accept them only when refusing them causes damage in one condition which is to add insurance to the offer during analysis process.
 - c. Refusing offers based on lowering down the percentage or amount of other offers.
 - d. The number of papers which the offer consists of.
 - e. To put a remark on any omission or addition in quantity table with taking signature of members and head of committee.
 - f. To be sure of the signature of the contractor in all pages.
 - g. Referring to the remarks concerning the offer and its attachments.
 - h. Auditing offers and finding remarks, if any.
 - i. Sealing all the pages of the offers and signing them by the members of the committee.
 - j. Referring to the information or data which were not presented with the offer.
 - k. The whole process should be done in one session.
9. After opening offers, the head of the committee should do the following.
 - a. Announcing the prices as they were written in offers and assuring that these prices are submitting to auditing and analysis.
 - b. Transferring offers and their attachments to auditing committee.

Sixth item: Procedures of auditing and analyzing offers and organizing contracts

1. The executive body should form a committee for auditing and analyzing offers
2. The process should be very fast and the report should be submitted before at least a month from the valid date of offers.
3. It is not allowed to take offers outside Iraq to analyze them unless it is necessary after taking permission of the minister and keeping the original copy.
4. The following things should be taken under consideration when analyzing offers.
 - a. Auditing prices and make what is necessary.
 - b. In case of finding percentage or amounts lowered down, the reserved amounts are taken away from prices table for comparison and analysis.
 - c. The written price should identify the numbered.
 - d. If there is an item without a price, the cost will be according to other items.
 - e. If there is a disagreement between members of the committee, it should be stated in the final report.
 - f. After finishing analysis process , a table of all offers details should be prepared with technical, legal and financial comparison
 - g. Stating the name of the nominated contractor and the base on which he has been chosen.
 - h. Confirming that the prices are suitable with the assessed costs in item (1-a) from item 4 with reasonable period of execution.
5.
 - a. Executive body has the right to ask for explanations and technical questions to complete analysis.

- b. Executive body has the right to negotiate with any contractor after obtaining the approval of the minister and keeping all information and negotiation secret.
6. Executive body should return to companies register to ask his opinion concerning foreign companies.
7. Before transferring the tender, the executive body should be sure of the financial, technical and similar works of the contractor.
8. Executive body has the right to release the preliminary insurance according to the demands of offers presenters who will not get the tender before the validity of offers. The insurance of the first three contractors who are nominated to get the tender could be kept.
9. Executive body should release the preliminary insurance after offers validity unless the contractor wants to expand the period.
10. Executive body should inform the contractor who got the tender within 15 days and release the insurance of the other contractors.
11. If the contractor refused to sign the contract, the executive body has the right to keep insurances and starts the work without issuing any other legal procedure. It also has the right to give the work to the second contractor for the benefit of work.
12. Contracts are organized with two original copies. One of them is with the executive body and the other one still with the contractor. Financial and legal offices also are able to get a copy of the contract.
13. Executive body should inform ministry of planning, the central statistic system, the central bank, Pension office & social security of workers, companies' registrar and the general commission of taxes with the name of the contractor, his address, his nationality and the amount of the contract after signing the contract.

Ninth item: Insurances and cash cuts

1. Insurances are not excepted unless they are cash or credit letters or certified checks issued from a bank in Iraq or loan bonds issued by Iraqi government.
2. Preliminary insurances are either 2% or 5% of the assessed cost according to the importance of the work. It should not be as a percentage taken from the offer.
3. The final insurances for execution are as follows:
 - 8% for the first half million
 - 6% for the second half
 - 5% for the second million
 - 4% for the third and more million
4. Governmental and social sector offices are exempted from presenting preliminary insurances.
5. Rules should be taken under consideration concerning loans and cash cuts.
6. Cash cuts are not returned for credit letters.

Eighth item: Delay and administrative fines

1. Delay fines:
 - a. Executive body has the right to decide delay fines which should not be less than 5% or more than 10% of the contract amount. This is stated in the second part of conditions. It

has the right to avoid this stage by forming a committee to solve such problems otherwise the work will be ended according to contract conditions.
Executive body has the right to continue in ordering delay fines or to stop according to each situation.

2. Administrative responsibilities:

The ratio is determined when the owner execute any of the contractor commitments but not more than 20% of the actual cost. Executive body should state this percentage in conditions when preparing the documents.

Ninth item: Rules of loaning machines, materials and equipments

Rules stated in the conditions of the contract should be taken under consideration concerning machines and equipments used in permanent works.

Tenth item: Changing work & additional works

1. Changing or adding works should not be done unless it is very necessary and the following cases:

- a. In case of not changing or adding new works delay or cause large damage technically or economically.
- b. In case of not changing or adding new works cause confusion in works.
- c. If the change or addition saves a lot of money after counting the damages resulted from this change.
- d. When the change or addition do not affect services or production capacity of the project.

2. All the communications related to this subject are important and should be answered within two weeks.

3.

a. Any change or additional work should not be started with until the engineer issues the administrative order in which he explains a description of the work and the additional period if any.

b. In special cases, when it is very necessary and after getting minister's approval, the contractor is asked to fulfill additional works. The price and time should be stated before the date of validity.

4. Responsible engineer is in charge of determining the needed changes and additions early without affecting the schedule.

5. Executive body should decide within two weeks concerning the additional works. Responsible engineer should inform the contractor to of the decision and tacking under consideration what is stated in item (3-b) in this article.

6. The prices of the additional works or changes should be set according to conditions of the contract.

7. In case of adding new items not found in the contract, the prices of the market are taken as essential prices adding to them the administrative expenditures and profits.

8. In Cases of expanding the period of work because of the additional works, the following points should be noticed unless the contract is opposite to this process:

- a. the period of the additional work should coincidence with the period of the original contract according to the ratio of the size and nature of the additional work with size and nature of the original contract.
- b. Expansion date should not interfere with other dates.
- c. Any additional period is not given, if the contractor was informed before executing the project otherwise he has the right to ask for expansion in time. He should explain the reasons behind this expansion and the beginning and end of dates.
- 9. A copy of decisions should be sent to the specialized office in Ministry of Planning.
- 10. Executive bodies should obtain a confirmation form the contractor not asking for compensations unless it is necessary.

Eleventh item: Information used to get decisions from the authorized body

When offices issue decisions taken from authorized body, they should explain the following information according to the nature of each work.

- 1. Choosing counselors
 - a. They should state names and address of the invited counselors with their technical qualifications and previous experience.
 - b. They should state a brief description and details of the needed council services.
 - c. They should present draft of contract signed with the counselor and the way of paying him his wages.
- 2. Studies of economical and technical benefits
 - They should be according to instructions No. (1) for the year 1984 and its attachments issued by the cancelled planning council.
- 3. Preparations of carrying out projects
 - a. Completing procedures in item four in these instructions.
 - b. Places in which ads would be set for the project.
- 4. Demands of possession
 - a. The name and location of the project and expected date of beginning.
 - b. A map of the needed lands and estates with their registers, category and assessed cost.
- 5. Changes and additional works
 - a. A brief description of changes and additional works with details of contract items.
 - b. The extent of need to an additional work and reasons according to what stated in item ten in these instructions.
 - c. Confirm that there are not items in the contract through which the additional works could be done.
 - d. The way of counting prices of the additional works.
 - e. The needed period of the additional works and expected date of beginning and details of interference with the original contract.
 - f. If the additional works are found in the maps but not in quantity table, in this case the date of delivering maps should be stated.
- 6. Expanding periods of contracts
 - a. Reasons of expansion.

- b. Discussing the demand of expansion with the responsible engineer with reference to contract rules and that there is no interference between the original period and expanded period.
 - c. Details of previous expansions.
 - d. Events which led to the delay with dates and documents from official body.
 - e. Informing executive body about the demand of expansion and the opinion of the responsible engineer.
 - f. The amount of the contract with the delay fine, starting date and expected finishing date.
 - g. If the delay was because of the executive body, it should explain the reasons and procedures taken against those who cases the delay.
7. Demands of compensations and judiciary.
- a. The name of the contractor and his address in addition to the name of the project and its location.
 - b. The cost of the contract and the date of beginning and end.
 - c. The origin of the demand with the wanted amounts certified with documents.
 - d. To inform responsible engineer about each demand made by the contractor and taking his opinion.
 - e. To inform executive bodies with reference to contract rules and laws.
8. Assigning engineers and experts who are not Iraqis
- a. Reasons behind the assignment or extension of the contract.
 - b. Name and nationality of the engineer or expert with his scientific qualifications and details about his previous experience.
 - c. The name of the project which he will work for and his position in addition to a copy of the contract.
9. Stop or postpone or cancel the work
- a. The reason behind the demand
 - b. Accomplished works and remained works.
 - c. Spent amounts and remained amounts.
 - d. Details of materials and machines in the location of work with their assessed value.
 - e. Additional costs, current expenditures and compensations which should be paid to the contractor according to the conditions.
10. Changing the location
- a. Reasons or justifications which led to leave the old location.
 - b. Economical and technical characteristics of the new location.
 - c. Results of changing the location, the needed costs and spent amounts.
 - d. Maps of both locations.
11. Increase in costs
- a. Reasons and justifications behind the increase.
 - b. Spent amounts and work stage
 - c. Effect of the increase on the annual allocations.
12. Increase of allocations
- a. The stage of work and the expected needed amounts for the rest of the year.
 - b. Reasons, why allocations are not enough? Amounts needed for the work.
 - c. Confirmation that work has been not affected.

13. Ministry of Planning should be supplied with all data and information in case when the decision should be taken by the ministry.
14. If the demand produced to Planning Council or Ministerial Council, it should contain full explanation for the subject.
15. Executive body should take under consideration the following things:
 - a. The demand should be 20 copies and signed by the specialized minister.
 - b. Referring to the part, chapter, article and number of the project in the annual investment budget.
 - c. Indicating the opinion of the ministry about the subject.
 - d. Decisions of planning council or ministerial council should be carried out. It is not allowed to present another demand unless there are justification reasons.
16. The decisions of Planning Board or Ministerial Council should be carried out. It is not allowed to re-present any subject previously decided by the ministerial council unless there are justified reasons.
17. Specialized commission in Ministry of Planning should study the case and prepare a report to be represented in planning board or ministerial council.

Twelfth item: Rules for the contractors who are put in the black list

1. Minister of planning has the right to put the name of contractor or a company in the black list according to a suggestion of the specialized minister or body or Iraqi contractors registration or committee for no longer than two years in cases of item (3). If his name was repeated in the black list again, his ID should be cancelled and he should be prevented from work. This is applied for all kinds of contractors.
2. All governmental offices should prepare a record to register the names of contractors or companies put in the black list.
3. Without violating owner's rights the name of a contractor or company are put in the black list according to the following cases:
 - a. Dealing with foreign companies which the governmental has cut its relationship with.
 - b. Bribing or trying to bribe a governmental employee.
 - c. counterfeiting offers or official documents.
 - d. Presenting false information about work to damage general benefit.
 - e. Violating conditions of the contract or technical specifics to damage general benefit.
 - f. violating vocation commitments by following illegal ways.
 - g. Refuse to sign the contract.
4. If cases in point 3 of this article found in a contractor or a company the executive body should investigate and suggest the period of stop dealing with him and present a demand to put his name in the black list. Executive body has the right to sue the contractor according to law.
5. If it is decided to put his name in the black list, the authorized body should do the following.
 - a. Informing governmental bodies with the decision and period.
 - b. Informing the contractor or the company of the decision.
6. The contractor or company who was put in the black list has the right to present and objection at minister of planning within 15 days. The minister has the right to study reasons of objection without stopping the procedures which should be done.

7. If it is decided to stop the work, executive body should do the following:
 - a. Asking banks to transfer the money presented by the contractor to secure fulfilling his commitments.
 - b. Informing the contractor to stop his work and to be continued then according to the situation.
 - c. Controlling machines and materials in location and prevent the contractor to move them or use them.
 - d. Asking the contractor to present or send what represent him when counting assets otherwise the court will do it.
 - e. Measuring what was accomplished of work in the location.
8. The contractor or company has the right to present a demand to Iraqi contractors' registration committee to omit his name from the list after finishing the period.
9. His name is omitted from the black list by a decision made by the minister of planning according to point 8 of this item.

Thirteenth item: different rules

1. Executive body should take under consideration instructions in attachment No 1 when preparing contract documents. It also should update the attachment according to the new decisions in instructions.
2. executive body should follow engineering works conditions for electrical, mechanical and chemical engineering works after making the suitable amendments in the second part to coincidence with the way of execution either measurement or completion of work.
3. Executive body is authorized to use its rights except what was exempted according to the rules.
4. These instructions are carried out on contracts of building nor supplies. Executive bodies should follow conditions of the contracts and pay the monthly loans quickly in time after forming committees of final measurement. Measurement should be within two months or as fast as it is possible.
5. Executive body should supply spare parts to operate the projects and maintain equipments and machines. Contracts should contain the following:
 - a. Oblige the contractor to present detailed lists of machines specifics and their spare parts in addition to mentioning the address of the original producers.
 - b. Mentioning the origins of the spare parts with the technical specifics and part No.
 - c. Presenting lists of the needed spare parts of machines and equipments suitable for operation or what is called (fast operation machines). Presenting lists of spare parts for maintenance process.
6. Specialized body should be commitment to pay final costs (the amount of the contract plus 2% supervising and observation plus 7% of the general reservation). In addition to the annual allocations for the projects.
7. These instructions are considered as a guide to be followed in all projects according to technical and economical agreements and protocols between Iraq and other countries.
8. All bodies should follow these instructions and in case of opposition between these instructions and the conditions of the contract, the conditions should be followed.
9. Bodies should keep the secret of communications concerning the issues which are presented to planning board or ministerial council.

10. Decisions of planning board or ministerial council are top secret. People concerned are not allowed to know but the items which refer to them.

11. The one who violates these instructions will be punished according to law without violating any other punishment imposed at the time of violation.

Fourteenth item: Validity date

These instructions are valid from 1/2/1988. Instructions issued by the cancelled planning council No. (14) on 19/1/1975 and their amendments are cancelled.

***An attachment to the decisions of carrying out & following up
projects & works of national development plans***

Issued By	number	Date	Subject
Revolutionary command council	376	March 28 th 1977	Accommodations of foreigners working in Iraq
	1413	Nov 26 th 1984	Preventing digging with out a permission from Baghdad municipality, water, sewage and electricity
	767	Oct 1 st 1987	Exempting the foreign companies from all the taxes
Presidential Divan	906	Jan 27 th 1981	Printing machines owned by contracting companies
	6834	June 11 th 1981	Registration of foreign companies in Iraq
	7651	July 1 st 1981	Iraqi currency and contracting foreign companies
Presidential Divan	10324	Sep 1 st 1981	Insuring lands for National development plans
	12895	Nov 17 th 1982	Debts for the contractors
	15452	Dec 23 rd 1982	Middle working staff in foreign companies
	7030	May 31 st 1983	a. increasing local currency in new contracts b. Forcing experts and employees to travel on Iraqi air lines
	19205	Aug 23 rd 1984	Opening the bids
	23926	Nov 14 th 1984	Transferring the bids
	25596	Nov 31 st 1984	Instructions about conditions of the contract
Presidential Divan	4632	Feb 10 th 1985	Basis for economical and technical schedules
	5575	Feb 17 th 1985	Negotiating with the companies
	6598	Feb 26 th 1985	Control on financial affairs with the companies
	8424	March 13 th 1985	Prohibited military property
	19220	June 24 th 1985	Basis of the contracts with the ministries
	20555	July 6 th 1985	Adding air conditions to the imported equipment
	23392	July 30 th 1985	Middle working staff in foreign companies

	25013	Aug 11 th 1985	Choosing project's place by the river
Presidential Divan	36387	Nov 13 th 1985	Using land for projects
	38091	Nov 29 th 1985	Iraqi staff working with the foreign companies
	62341	Feb 20 th 1986	Rubbish of the foreign company
	19709	May 31 st 1986	Putting a condition of using Thomaston and stone in building
	20754	May 18 th 1986	Foreign companies and Iraqi contractors(exemption)
	27149	July 26 th 1986	Dealing with Arabic and foreign companies
	31556	Aug 25 th 1986	Instructions of using foreign companies funds in costumes
Presidential Divan	24389	Seb 13 th 1986	General report of civil defense and productive projects
	1728	Jan 13 th 1987	Means of using stones
	3852	Jan 27 th 1987	Canceling order no.3572 on May26th 1982 of the deputy prime minister
	6588	Feb 14 th 1987	Rubbish of Arabic and foreign companies
Issued to the ministries	16222	April 16 th 1987	Implementing projects
Presidential Divan	17480	April 23ar 1987	Employing Iraqi staff with the companies
	23640	June 3 rd 1987	Projects should be divided into items before sending them to the Presidential Divan
	25409	June 14 th 1987	National centre for experiments
	31910	July 23 rd 1987	Instead of importing equipment, giving order to the military industry
	31977	July 23 rd 1987	Employing Iraqi staff with the companies
Presidential Divan	35191	Aug 5 th 1987	Customs
	36271	Aug 22 nd 1987	Forming new projects committees
	44173	Oct 13 th 1987	Instructions of dealing with companies
	11228	Oct 18 th 1987	Preparing building designs
Office of the deputy prime minister	5437	June 1 st 1983	Instructions for the deals
	9344	Nov 18 th 1985	Iraqi cement
Planning council	5/session 5	May 28 th 1974	Prices of materials
	5/session 7	July 25 th	Administrative loadings

		1984	
Planning council	1/session 9/i	Sep 18 th 1981	Materials
Guiding Board	16/session 24	Sep 10 th 1975	Councilors Trust
	6/session27	Oct 14 th 1975	Insurance order of councilors
Head of guiding board	114	Feb 13 th 1985	Insuring the implementation of order # 5
	177	Dec 29 th 1977	Instructions for Implementation
Ministry of Planning/legal office	939	May 14 th 1983	Implementations of Contractors orders
	3719	March 17 th 1987	Retired or quit can not apply for their x offices to bid

Republic of Iraq
Ministry of Finance
The budget office
Expenses department
No 401
Date 20/3/2001

General order No.4

Subject :Instruction for excuting the budget for the year 2001

In addition to our two order (1) on 3/1/2001 and (3391) on 31/1/2001 .

It is decided to amend the purechasing authorities included in the instruction of executing the budget and as follows :

The purchasing authorities: The purchase of good and services is confined to the companies of the public sector in every issne, on the condition that purchase must be from the local market ,in case that they are not available in these companies. Apologyz must be presented if the required commodity is not supplied in sven days from the date of presenting the order to the concerned company on the condition that the purechasing authorties should be as follows .

- * without the midiation of the purchasing committee to (50.0000) ID .

- * By the purchasing committee from (50,000-1,000,000) ID

- * by the purchasing committee on the condition that at least three offers are to be presented in order to choose the best in the aspect of price and quality of the good or service from (1,000,000-5,000,000)

- * by the Competition to derermine the lowest bidder for what is more (5,000,000) ID ,with the adherence to the provision of Article (10) from the act of general accounting and the regulation of tenders for offices state and public sector ,notified by the letter of the planning committee no 1/11/191 on 13/1/2001 and the authorys of the direct execution offices no 3 in 2000 indicated by the letter of planning committee no 1/9/745 on 29/2/2000 and the instruction number 7 in 1996 about financing the direct execution committees and committees of executing works by the method of depositing notified by our letter (the accounting office)no (892116) on 10/8/1996 and the regulations number 11 in 2000 and 12 in 2000 about amending the execution regulations and following up the project and works of the national development plans issued by the planning committee and the instructions of the cabinet no 1780 on 14/3/2000 concerning the measures of purchasing and taxation

On this occasion ,the ministry stresses the full adherence by the order of the president leader notified to the all ministries by the letter of presidential office no 30463 on 29/12/1995 and his letter no 4141 on 28/2/1996 and procuring the greement of the economic affairs committee

to exclude the sums from the limits of monetary spending ,which were
not stated in these instructions .

With appreciation

Hikmat Al-azawi
Deput prime minister
Minister of Finance
19/3/2003

(b) of the basic clause. The time may be expressed by substituting "within days after the date of receipt of a written notice of award" as the heading of the third column of paragraph (a) of the basic clause.

52.211-10 Commencement, Prosecution, and Completion of Work.

As prescribed in 11.404(b), insert the following clause in solicitations and contracts when a fixed-price construction contract is contemplated. The clause may be changed to accommodate the issuance of orders under indefinite-delivery contracts for construction.

COMMENCEMENT, PROSECUTION, AND COMPLETION OF WORK (APR 1984)

The Contractor shall be required to (a) commence work under this contract within _____ [*Contracting Officer insert number*] calendar days after the date the Contractor receives the notice to proceed, (b) prosecute the work diligently, and (c) complete the entire work ready for use not later than _____.* The time stated for completion shall include final cleanup of the premises.

(End of clause)

* The Contracting Officer shall specify either a number of days after the date the contractor receives the notice to proceed, or a calendar date.

Alternate I (Apr 1984). If the completion date is expressed as a specific calendar date, computed on the basis of the contractor receiving the notice to proceed by a certain day, add the following paragraph to the basic clause:

The completion date is based on the assumption that the successful offeror will receive the notice to proceed by _____ [*Contracting Officer insert date*]. The completion date will be extended by the number of calendar days after the above date that the Contractor receives the notice to proceed, except to the extent that the delay in issuance of the notice to proceed results from the failure of the Contractor to execute the contract and give the required performance and payment bonds within the time specified in the offer.

52.211-11 Liquidated Damages—Supplies, Services, or Research and Development.

As prescribed in 11.503(a), insert the following clause in solicitations and contracts:

LIQUIDATED DAMAGES—SUPPLIES, SERVICES, OR RESEARCH AND DEVELOPMENT (SEPT 2000)

(a) If the Contractor fails to deliver the supplies or perform the services within the time specified in this contract, the Contractor shall, in place of actual damages, pay to the Govern-

ment liquidated damages of \$ _____ per calendar day of delay [*Contracting Officer insert amount*].

(b) If the Government terminates this contract in whole or in part under the Default—Fixed-Price Supply and Service clause, the Contractor is liable for liquidated damages accruing until the Government reasonably obtains delivery or performance of similar supplies or services. These liquidated damages are in addition to excess costs of repurchase under the Termination clause.

(c) The Contractor will not be charged with liquidated damages when the delay in delivery or performance is beyond the control and without the fault or negligence of the Contractor as defined in the Default—Fixed-Price Supply and Service clause in this contract.

(End of clause)

52.211-12 Liquidated Damages—Construction.

As prescribed in 11.503(b), insert the following clause in solicitations and contracts:

LIQUIDATED DAMAGES—CONSTRUCTION (SEPT 2000)

(a) If the Contractor fails to complete the work within the time specified in the contract, the Contractor shall pay liquidated damages to the Government in the amount of _____ [*Contracting Officer insert amount*] for each calendar day of delay until the work is completed or accepted.

(b) If the Government terminates the Contractor's right to proceed, liquidated damages will continue to accrue until the work is completed. These liquidated damages are in addition to excess costs of repurchase under the Termination clause.

(End of clause)

52.211-13 Time Extensions.

As prescribed in 11.503(c), insert the following clause:

TIME EXTENSIONS (SEPT 2000)

Time extensions for contract changes will depend upon the extent, if any, by which the changes cause delay in the completion of the various elements of construction. The change order granting the time extension may provide that the contract completion date will be extended only for those specific elements related to the changed work and that the remaining contract completion dates for all other portions of the work will not be altered. The change order also may provide an equitable readjustment of liquidated damages under the new completion schedule.

(End of clause)

52.211-14 Notice of Priority Rating for National Defense Use.

As prescribed in 11.604(a), insert the following provision:



HEADQUARTERS
COMBINED JOINT TASK FORCE SEVEN
BAGHDAD, IRAQ
APO AE 09302-1400

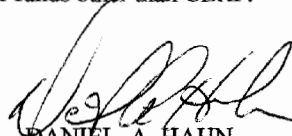
CJTF7-COS

16 July 2003

MEMORANDUM FOR CPA Office of The General Counsel ATTN: LTC [REDACTED]

SUBJECT: CPA Proposed Contracting Regulation

1. CJTF-7 has reviewed the draft memorandum "Contract and Grant Procedures Applicable to Vested and Seized Iraqi Property and Development Fund for Iraq".
2. Strongly recommend that the Commanders' Emergency Response Program (CERP) funds be exempt from these procedures. Recommend units continue to use CPA approved procedures established in CJTF-7 FRAGO 89.
3. The CERP was established to provide Commanders' a rapid means to positively impact local communities. Implementing the proposed contracting procedures will significantly slow down the execution of these funds.
4. Units do not have the assets to implement the extensive record keeping and procedural guidance. The requirements for purchases under \$2,500 are more extensive than that required by the Federal Acquisition Regulation (FAR) for appropriated funds. For purchases over \$2,500, Appendix B contains eleven pages of implementing instructions for "Solicitation Terms and Conditions".
5. The procedures are complex and more geared toward implementation by warranted Contracting Officers. CJTF-7 Contracting Officers are struggling to meet unit Operations and Maintenance (OMA) requirements, and cannot be diverted to implementing these procedures.
6. We are also concerned that these exhaustive procedures are subject to change as directed by the CPA Head of Contracting Activity, potentially creating more additional training and implementation requirements.
7. CJTF-7 understands the need for oversight of acquisition activities and supports the implementation of these procedures for funds other than CERP.


DANIEL A. HAHN
Brigadier General, GS
Chief of Staff

O5

From: Castle, Edwin S. (SES-2 General Counsel)
Sent: Monday, July 28, 2003 11:05 PM
To: (b)(6) O5
Subject: FW: Contracting Memo (IMF staff comments)

(b)(6) More comments. We should endeavor to incorporate all international financial institution comments unless untenable. thanks

-----Original Message-----

From: (b)(6)
Sent: Monday, July 28, 2003 9:38 PM
To: [REDACTED]
Cc: [REDACTED] (b)(6)

Subject: RE: Contracting Memo (IMF staff comments)

Fund staff's comments (sent by (b)(6) :

"We have read the draft contracting procedures and offer some suggestions below for your consideration.

As a general point, it should be noted that this response represents the views of IMF staff and not the views of the IAMB representative (since the IAMB has not been formally constituted and also because of potential conflict of interest issues.

Specific comments:

- a statement about the IAMB's oversight role, including its presumed right to request copies of contract documents could be inserted in the standard contract so that potential contractors are aware of the Board's mandate and access to contracts. Similarly, a general statement about the IAMB's mandate could be included in the CPA Memorandum.
- Section 10 of the CPA Memorandum could include a reference to the IAMB's oversight role over use of DFI funds allocated through the budget (para 3B of the draft TOR for the IAMB envisages auditors conducting "...an assessment as to whether the controls (including the requirement to ensure proper records) of the designated recipient are adequate to ensure that disbursements from the DFI are utilized as intended.")
- The standard contract could usefully include the text from OP 14 to ensure that all contractors are aware that the DFI funds may be used only for specific purposes (the text is currently included in the supporting documents, but not the standard contract).
- Because the UN resolution and the draft IAMB TOR envisage the possibility for audits of contracts, the Contract File Requirements (Appendix A) for Small Purchases could allow for sufficient documentation being retained to enable ex post audits (this is already included for Large Purchases).
- we understand the apparent need, at least in the short term, for military officials to serve as contracting officers (Section 4.2.C of the CPA Memorandum), but this may create the impression that DFI funds are being used for military purposes and not in accordance with OP 14. Perhaps a safeguards clause could be inserted to ensure that all contracts approved by military officers are subject to review by the Contracting Authority.

7/28/2003

- we are a little surprised to see references to US laws in the standard document (e.g., Section 16 of the standard contract) -- LEG may have views on this issue.

- we note that there are no specific clauses in the standard contract document covering (i) penalties for non-performance (e.g. delays), which are a common feature of construction contracts because termination of the contract would be costly, and (ii) arbitration procedures."

-----Original Message-----

From: (b)(6)
Sent: Friday, July 18, 2003 10:38 AM
To:
Cc: (b)(6)

Subject: FW: Contracting Memo
Importance: High

(b)(6) and (b)(6) The CPA has provided the attached draft DFI Contracting Procedures and wishes to provide the four institutions on the IAMB board an opportunity to comment by COB next Thursday (July 24), DC time. Please forward on to appropriate contacts at WB and IMF, respectively. State is sending on to UN. (b)(6) will pass on to Arab Fund contact.

Cheers!

-----Original Message-----

From: Castle, Edwin S. (SES-2 General Counsel) [mailto:castlee@orha.centcom.mil]
Sent: Friday, July 18, 2003 6:56 AM
To:
Subject: FW: Contracting Memo
Importance: High

(b)(6) Latest version of CPA's proposed procedures on contracting with vested, seized and Development Fund resources, for Treasury's review and comment. Please share with the international financial institutions, as well. Many thanks! Scott

7/28/2003

Iraq - Comments on procurement documents received from the U. S. Mission

1. This refers to the procurement documents from the U.S. Mission which were forwarded to us for comments, consisting of a "Coalition Provisional Authority Memorandum" to be signed by the CPA Administrator, entitled "Contract and Grant Procedures Applicable to Vested and Seized Iraqi Property and Funds in the Development Fund for Iraq" (the "draft Memorandum"), and four appendices thereto, namely Appendix A: "Contract File Requirements"; Appendix B: "Standard Terms and Conditions for Solicitations and Contracts in Excess of 52,500"; Appendix C: "Guidance for Issuing Grants"; and Appendix D: "Contract Consideration FAQ" (the "Appendices").

Legal status of the Memorandum and the Appendices

2. Pursuant to Section 4 (1) of CPA Regulation No. 1 (dated 16 May 2003), the Administrator of the CPA "may issue Memoranda in relation to the interpretation of any Regulation or Order." Pursuant to Section 5 of CPA Regulation No. 4 (dated 26 June 2003), "the (Iraqi Property Reconciliation Facility) shall be bound by and operate in accordance with any Regulations, Orders or Memoranda issued by the Administrator".

3. Unlike CPA Memorandum No. 1 (dated 3 June 2003), which states that it implements CPA Order No. 1 (on "De-Baathification of Iraqi Society" and unrelated to the present matter), the draft Memorandum does not indicate a regulation or order which it is intended to interpret or implement. It is therefore not clear whether the draft Memorandum and the Appendices are required to be consistent with any regulation or order. This raises uncertainty as to the legal status of the draft Memorandum and the Appendices, if they were issued in their current form.

4. Section I 1 of the draft Memorandum states that the Appendices provide supplemental instructions on preparing and executing contracts and grants under the draft Memorandum. The Programme Review Board is authorized "to modify the existing appendices and to issue additional appendices as may be required to ensure the effective execution of funding for the benefit of the Iraqi people" and such modifications or additional appendices would be "deemed to satisfy the requirements of CPA Regulation No. 3, section 6 (5)". This suggests that the modifications and additional appendices would be deemed valid whatever their content. Moreover, the connection between CPA Regulation No. 3 and the draft Memorandum and its Appendices is not clear, since the preamble of the draft Memorandum does not refer to CPA Regulation No. 3.

5. The draft Memorandum should specify the legal authority pursuant to which it is issued, and should state that its provisions and those of the Appendices, including any modifications thereof, will be deemed valid if they are consistent with those of the primary legal instrument pursuant to which they have been issued.

Applicability

6. The draft Memorandum is intended to apply to the award of contracts and grants that are executed by the CPA when those instruments obligate and expend CPA funds (See Section 2) and are financed from two types of funds, designated "CPA Funds" (See Section 3 (5) of the draft Memorandum), namely "(a) proceeds from Iraqi property that has been vested or seized under operation of law and made available to assist the people of Iraq; and (b) funds in the Development Fund for Iraq". It does not apply to Iraqi government "Ministries and agencies" executing contracts or grants to fulfil requirements approved through the national budget process if the Administrator determines that the contracting procedure of the Ministry or agency is adequate. Those contracts or grants are subject to Iraqi law and the contracting procedures of the respective Ministry or agency". (See the last paragraph of Section 2).

7. This raises three issues: first, whether it is desirable to establish two separate sets of procurement rules and procedures in Iraq, one for the CPA, and the other based on Iraqi law; second, how and based on what criteria will the Administrator determine whether the contracting procedures of a Ministry or agency are adequate; third, whether contracts and grants should be treated separately.

8. As to the first issue, although we have not reviewed Iraqi law, it is not clear why Iraqi law should not apply to procurement using "CPA funds" since, as we understand, such funds are Iraqi funds, time agree that to ensure transparency, uniform procedures should apply to procurement activities using Iraqi resources, with exceptions being made only on clearly justifiable grounds and on the basis of specified criteria. *nb*

9. As to the second issue, the draft Memorandum should specify those Iraqi laws and procurement procedures which are "adequate" and will continue to apply, and those that have been determined to be inadequate and will therefore not apply. This should be based on a review of the relevant Iraqi law.

10. With respect to the third issue, we see no apparent reason for distinguishing grants from contracts in the draft Memorandum. In this connection, we note that certain provisions in the procurement documents relate to grants only (Section 6 (2) (b) of the draft Memorandum; the penultimate paragraph of Appendix A; and Appendix C). However, such provisions are very general in character. Appendix C provides that grants may be made "to government officials or other organizations benefiting the public good". Annex C states, inter alia., that "[grants have more limited oversight and are intended to allow the applicant greater flexibility". As it appears that contracting officers at every level would have the discretion to issue grants instead of contracts, there is a risk that accounting for grant funds could become a problem, especially with respect to grants to "government officials". Any such grants should be made to institutions rather than individual officials *govt officer*

Appointment of Contracting Officers

11. Section 4 provides a list of officials who shall have authority to appoint Contracting Officers. Contracting Officers shall be competent to enter into contracts. The officials authorized to appoint contracting officers are: "(a) the Head of Contracting Activity, CPA; (b) CPA Directors of Oil Policy; Civil Affairs Policy; AID; Operations; and Security Affairs; (c) Coalition Forces division commanders, or equivalent" (See Section 4(2)). It is not clear what the "equivalent" of "Coalition Forces division commanders" means. It therefore appears that there would be many contracting officers authorized to enter into contracts, including military officers. Such a diffuse delegation of procurement authority and responsibility to a broad range of officials could result in disparate procurement practices and undermine accountability for procurement decisions. Procurement for civilian purposes should be conducted by civilian officials, and common procurement standards and practices, as well as clear accountability for procurement decisions, should be established.

Award of contracts

12. The draft Memorandum divides contract awards into three types: Micro-Purchases (contracts with a value of \$2,500 or less), Small Purchases (contracts with a value between \$2,500.01 and \$200,000) and Large Purchases (contracts with a value greater than \$200,000) (See Section 3, "Definitions").

13. Section 6 of the draft Memorandum lays down general principles applicable to contracts and grants. Section 6 (2) (a) allows the award of contracts without competition if this is justified by "exigencies requiring contracting without competition". In similar vein, Section b (2) (b) provides for a waiver of tender procedures and for any failure to submit the grant to tender to be excused "for good cause".

14. In the absence of specific criteria, other than the references to "exigencies requiring contracting with competition" and "good cause" justifying issuing of grants without tenders, the authority to award contracts and to issue grants without competition could be subject to abuse.

"Micro Purchase" contracts

15. Competition is not mandatory in the case of micro-purchase contracts "if the Contracting Officer determines that the offered price and terms are fair and reasonable". Nevertheless, contracting officers are "encouraged to obtain competition when possible", and "oral solicitations may be used". Related transactions will be documented in "summary files" (See Section 7 (1) and (2)). The circumstances in which competition would be deemed "possible" are not specified. Given the large number of officials to whom procurement authority is delegated, such "Micro-Purchase" contracts could entail, on aggregate, large expenditures of Iraqi funds without competition in the award of such contracts. Moreover, in view of the economic and humanitarian situation in Iraq, \$2,500 may constitute a substantial amount of money by Iraqi standards. It is therefore important

that competition not merely be encouraged when awarding contracts for such amounts, but

"Small Purchase" contracts

16. As stated above, Small Purchases are defined in Section 3 as contracts "With a value between US \$2,500.01 to US \$200,000. I note first that oral s -

olicitations may be used in the award of Small Purchase contracts with a value between \$2 S

.00.01 and

~25,000, This means that a Contracting Officer can make a commits

25,000 on the basis of a verbal solicitation and offer, with a requirement that spend up to documentation be kept at a minimum (See Section 7 (2)). The say

requires "17itten solicitations" to be used for Small Purchases greater than ~s

~"000, i.e. up to

\$200,000 However; „Small Purchase contracts may be awarded without cautions eta to which case the Contracting Officer is required to provide "written justifications

'requiring award without competition". Although Section 7 (2) provides that for ipstifications are contained in Appendix A", the only ground specified i

n Appendix A

as justification for sole-source contracting in the case of Small Purchases i

"Large Purchase" contracts

17. Section 7 (3)(d) provides for the award of Large Purchase contracts without

competitive bidding, as an exception In such cases, "(w)ritten justification detailing the unique qualifications of the contractor or other exigent circumstances requiring an award without competition will be prepared for all Large Purchases awarded without competition." Section 7 (3)(d) further states that the requirement for justifications are contained in Appendix A.. In that respect Appendix A requires "compelling reasons" to be provided to justify sole-source contracting. The following are given as compelling reasons:

- "There is only one responsible source and no other supplies or service will satisfy requirements. This may include unacceptable delays in delivery or other unique circumstances including intellectual property rights or compatibility with existing systems.

Unusual or compelling urgency to satisfy requirements. This justification will only be used in cases where competition would

represent a serious risk to agency objectives. Failure to accurately forecast agency needs is not a sufficient justification."

It is necessary to clarify what "agency" is being referred to, and to specify the "agency objectives".

18. Section 7 (3) (e) of the draft Memorandum provides for a contract award committee of at least three officials to review "Large Purchase" preliminary award decisions made by Contracting Officers, other than Contracting Officers appointed by the Head of Contracting Activity. The committee would review the proposals and the contract "to ensure compliance with procedural and competition requirements, that the contract represents sound business judgment, that the process has been impartial, and that the proposed award represents best value based upon evaluation factors". The expression "sound business judgment" (also used in Appendix A, "Large Purchases") as a criterion for reviewing contract awards is vague. We would suggest either "best value for money" or "lowest acceptable bidder" as a basis for awarding contracts.

19. Pursuant to Section 3 (3) ("Definitions" section), the contract award committee need not convene as a group, but a majority of its members must concur in the award decision prior to award. It appears that the committee would discharge its tasks more effectively if it were required to convene as a group, and to give reasons for its findings or recommendations. The draft Memorandum should also indicate what happens if a majority of the committee does not concur in the award decision, e.g., whether in such cases the committee can only reject the vendor proposed, or can recommend that the contract be awarded to another vendor. ✓

20. Pursuant to Section 7 (3) (f), the requirement for review by a contract award committee may be dispensed with in any particular case if the Head of Contracting Activity, CPA, determines "that there are sufficient alternative means to ensure that the particular solicitation action has been appropriately managed." We see no reason why Large Purchase preliminary award decisions by Contracting Officers appointed by the Head of Contracting Activity should not be subject to review by the contract award committee. For clarity, "sufficient alternative means" should be defined.

21. Moreover, the qualifications for appointment as a member of the contract award committee *should* be specified to ensure that the committee has the expertise and balanced composition required to enable it to effectively discharge its tasks. We also note that there is no requirement for Iraqi representation on the contract award committee **or** at any other stage in the procurement process, whether in respect of contracts or grants. It therefore appears that under the draft *Memorandum*, important procurement decisions, including determinations as to whether a particular award would benefit the Iraqi people, will be made without Iraqi involvement.

Maintenance of contract files

22. Appendix A provides that Micro Purchase Files and Small Purchase Files will be maintained for one year following the final payment on the contract, and that *Large* Purchase Contract files will be maintained for a period of three *years* following the completion of the period of contract *performance*.

23. The periods for which the files must be maintained appear too short. We suggest that files be *preserved for a* period of at least *five years* so that they would be available for audit, for use in connection with resolution of related claims, or for *use* by a subsequent Iraqi administration if required.

A handwritten signature in dark ink, appearing to be 'H. F. J.', is located to the right of paragraph 23.

30 July 2003

(b)(5)



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**INTERNATIONAL STANDARD ON ASSURANCE
ENGAGEMENTS 100**

ASSURANCE ENGAGEMENTS

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Preface

This International Standard on Assurance Engagements (ISAE) provides an overall framework for assurance engagements intended to provide either a high or moderate level of assurance.

It establishes the basic principles and essential procedures for professional accountants in public practice for the performance of engagements intended to provide a high level of assurance. This ISAE does not, however, provide basic principles and essential procedures for engagements intended to provide a moderate level of assurance. IAPC is developing further guidance on such engagements.

This document is being released with an accompanying report. The report describes and explains the changes made from the exposure draft and contains a discussion of the comments received, a description of the issues raised and how the IAPC responded to them, including the research planned to resolve the outstanding issue related to the moderate level of assurance.

Introduction

1. This International Standard on Assurance Engagements has three purposes:
 - (a) To describe the objectives and elements of assurance engagements intended to provide either a high or moderate level of assurance (paragraphs 4-30);
 - (b) To establish standards for and provide guidance to professional accountants in public practice for the performance of engagements intended to provide a high level of assurance (paragraphs 31-74); and
 - (c) To act as a framework for the development by the IAPC of specific standards for particular types of assurance engagements.
2. When a professional accountant is engaged to perform an assurance engagement for which specific standards exist, those standards apply; if no specific standards exist for an assurance engagement, this document applies. Where a professional accountant in public practice performs an engagement intended to provide a high level of assurance for which no specific standards exist, the standards and principles set out in paragraphs 31-74 are to be followed.
3. This Standard does not supersede the existing International Standards on Auditing (ISAs). For example, it does not apply to an audit or review of financial statements.

OBJECTIVE AND ELEMENTS OF AN ASSURANCE ENGAGEMENT**Objective of an Assurance Engagement**

4. The objective of an assurance engagement is for a professional accountant to evaluate or measure a subject matter that is the responsibility of another party against identified suitable criteria, and to express a conclusion that provides the intended user with a level of assurance about that subject matter. Assurance engagements performed by professional accountants are intended to enhance the credibility of information about a subject matter by evaluating whether the subject matter conforms in all material respects with suitable criteria, thereby improving the likelihood that the information will meet the needs of an intended user. In this regard, the level of assurance provided by the professional accountant's conclusion conveys the degree of confidence that the intended user may place in the credibility of the subject matter.
5. There is a broad range of assurance engagements, which includes any combination of the following.
 - Engagements to report on a broad range of subject matters covering financial and non-financial information.

- Engagements intended to provide high or moderate levels of assurance.
 - Attest and direct reporting engagements.
 - Engagements to report internally and externally.
 - Engagements in the private and public sector.
6. Not all engagements performed by professional accountants are assurance engagements. This does not mean that professional accountants do not undertake such engagements, only that these engagements are not covered by this Standard. Other engagements frequently performed by professional accountants that are not assurance engagements include the following.
- Agreed-upon procedures.
 - Compilation of financial or other information.
 - Preparation of tax returns where no conclusion is expressed, and tax consulting.
 - Management consulting.
 - Other advisory services.
7. An agreed-upon procedures engagement, in which the party engaging the professional accountant or the intended user determines the procedures to be performed and the professional accountant provides a report of factual findings as a result of undertaking those procedures, is not an assurance engagement. While the intended user of the report may derive some assurance from the report of factual findings, the engagement is not intended to provide, nor does the professional accountant express, a conclusion that provides a level of assurance. Rather, the intended user assesses the procedures and findings and draws his or her own conclusions. However, a professional accountant may undertake an engagement that is similar to an agreed-upon procedures engagement but which does result in the expression of a conclusion that provides a level of assurance. Where, in the judgment of the professional accountant, the procedures agreed to be performed are appropriate to support the expression of a conclusion that provides a level of assurance on the subject matter, and the professional accountant intends to do so, then such an engagement becomes an assurance engagement governed by this standard.

Elements of an Assurance Engagement

8. Whether a particular engagement is an assurance engagement will depend upon whether it exhibits all the following elements.
- (a) A three party relationship involving:
- (i) A professional accountant;
 - (ii) A responsible party; and
 - (iii) An intended user;

- (b) A subject matter;
- (c) Suitable criteria;
- (d) An engagement process; and
- (e) A conclusion.

Three Party Relationship

- 9. Assurance engagements involve three separate parties: a professional accountant, a responsible party and an intended user. The professional accountant provides assurance to the intended user about a subject matter that is the responsibility of another party.
- 10. The responsible party and the intended user will often be from separate organizations but need not be. A responsible party and an intended user may both be within the same organization, for example, a governing body may seek assurance about information provided by a component of that organization. The relationship between the responsible party and the intended user needs to be viewed within the context of a specific engagement and may supersede more traditionally defined responsibility lines.

Professional Accountant

- 11. The IFAC *Code of Ethics for Professional Accountants* (the Code) defines professional accountants as those persons who are members of an IFAC member body, whether they be in public practice (as a sole practitioner, partnership or corporate body), industry, commerce, the public sector or education. The term "professional accountant" in this Standard includes the term "auditor" but also recognizes that assurance engagements deal with a broader range of subject matter and reporting arrangements than the issue of an audit opinion by external auditors on financial statements.
- 12. The fundamental principles that the professional accountant has to observe are:
 - (a) Integrity;
 - (b) Objectivity;
 - (c) Professional competence and due care;
 - (d) Confidentiality;
 - (e) Professional behavior; and
 - (f) Application of technical standards.
- 13. The requirement relating to the "objectivity" principle is of particular importance in an assurance engagement in ensuring that the conclusion of the professional accountant has value to the intended user. The intended user needs to have confidence that the professional accountant has no interest that creates an unacceptable risk of bias with respect to the subject matter.

14. Professional accountants in public practice also have to observe the requirements of Part B of the Code, which includes a requirement to be independent when conducting an assurance engagement.
15. Professional accountants may be requested to perform an assurance engagement on a wide range of subject matters. However, professional accountants will not agree to perform an assurance engagement which they are not competent to carry out, unless competent advice and assistance is obtained so as to enable them to satisfactorily perform such services. If a professional accountant does not have the competence to perform a specific part of the assurance engagement, technical advice will be sought from experts.

Responsible Party

16. The responsible party is the person or persons, either as individuals or representatives of an entity, responsible for the subject matter. For example, management is responsible for the preparation of financial statements or the implementation and operation of internal control. The responsible party may or may not be the party who engages the professional accountant. The professional accountant may be engaged by management or by other parties.

Intended User

17. The intended user is the person or class of persons for whom the professional accountant prepares the report for a specific use or purpose. The intended user may be established by agreement between the professional accountant and the responsible party or those engaging or employing the professional accountant. In some circumstances the intended user may be established by law. The responsible party may also be one of the intended users. Often the intended user will be the addressee of the professional accountant's report but there may be circumstances where there will be intended users other than the addressee. There may also be situations where the responsible party will be the addressee, but will make the report available to the intended users.
18. Some intended users (for example, bankers and regulators) may impose a requirement on, or may request the responsible party to arrange for an assurance engagement to be carried out on a particular subject matter. However, other intended users may have no direct involvement in defining the arrangements for an assurance engagement.
19. In circumstances where the engagement is for a special purpose, the professional accountant may consider restricting the report to specific intended users, and indicating in the report that others not identified as users may not rely on it.

Subject Matter

20. The subject matter of an assurance engagement may take many forms, such as the following:

- Data (for example, historical or prospective financial information, statistical information, performance indicators).
- Systems and processes (for example, internal controls).
- Behavior (for example, corporate governance, compliance with regulation, human resource practices).

The subject matter may be presented as at a point in time or covering a period of time.

21. The subject matter of an assurance engagement is to be identifiable, capable of consistent evaluation or measurement against suitable criteria and in a form that can be subjected to procedures for gathering evidence to support that evaluation or measurement.

Criteria

22. Criteria are the standards or benchmarks used to evaluate or measure the subject matter of an assurance engagement. Criteria are important in the reporting of a conclusion by a professional accountant as they establish and inform the intended user of the basis against which the subject matter has been evaluated or measured in forming the conclusion. Without this frame of reference any conclusion is open to individual interpretation and misunderstanding. Criteria in an assurance engagement need to be suitable to enable reasonably consistent evaluation or measurement of the subject matter within the context of professional judgment. Suitable criteria are context-sensitive, that is, relevant to the engagement circumstances.
23. For example, in the preparation of financial statements the criteria may be International Accounting Standards or International Public Sector Accounting Standards, which are intended to provide a range of users with relevant and consistent information about an entity's financial position, results of operations and cash flows. In an audit of financial statements, the auditor provides assurance as to whether the financial statements give a true and fair view of (or present fairly, in all material respects), an entity's financial position, results of operations and cash flows by using the accounting framework to evaluate the preparation and presentation of the subject matter. When reporting on the way in which an entity is organized or managed, or the extent to which its objectives have been achieved, generally accepted criteria for a particular industry may be used. When reporting on internal control, the criteria may be an established internal control framework or stated internal control criteria. When reporting on compliance, the criteria may be the applicable law, regulation or contract. Criteria may also be developed for specific users, for example, a party to a contract who wants assurance that other parties to the same contract are complying with the contract terms.

Engagement Process

24. The engagement process for an assurance engagement is a systematic methodology requiring a specialized knowledge and skill base, and techniques for evidence gathering and evaluation and measurement to support a conclusion, irrespective of the nature of the engagement subject matter. The process involves the professional accountant and those who engage the professional accountant agreeing to the terms of the engagement. Within that context, the professional accountant considers materiality and the relevant components of engagement risk when planning and conducting the engagement. An assurance engagement involves the professional accountant planning and conducting the engagement to obtain sufficient appropriate evidence and applying professional judgment in order to express a conclusion.

Conclusion

25. The professional accountant expresses a conclusion that provides a level of assurance as to whether the subject matter conforms in all material respects with the identified suitable criteria.
26. In an attest engagement, the professional accountant's conclusion relates to an assertion by the responsible party. The assertion is the responsible party's conclusion about the subject matter based on identified suitable criteria. The professional accountant can either express a conclusion about the assertion by the responsible party, or provide a conclusion about the subject matter in a form similar to the assertion made by the responsible party. In the latter case the assurance is provided because the professional accountant's conclusion on the subject matter supports the assertion by the responsible party.
27. In a direct reporting engagement, the professional accountant expresses a conclusion on the subject matter based on suitable criteria, regardless of whether the responsible party has made a written assertion on the subject matter.
28. The professional accountant's conclusion provides a level of assurance about the subject matter. In theory, it is possible to provide an infinite range of assurance from a very low level of assurance to an absolute level of assurance. In practice, it is not ordinarily practicable to design an engagement to provide such fine graduations of assurance or to communicate the level of assurance in a clear and unambiguous manner. In addition, absolute assurance is generally not attainable as a result of such factors as the use of selective testing, the inherent limitations of control systems, the fact that much of the evidence available to the professional accountant is persuasive rather than conclusive, and the use of judgment in gathering evidence and drawing conclusions based on that evidence. Therefore, professional accountants ordinarily undertake engagements to provide one of only two distinct levels: a high level and a moderate level. These engagements are affected by various elements, for example, the degree of precision associated with the subject matter, the nature

timing and extent of procedures, and the sufficiency and appropriateness of the evidence available to support a conclusion.

29. The expression “high level of assurance” refers to the professional accountant having obtained sufficient appropriate evidence to conclude that the subject matter conforms in all material respects with identified suitable criteria. In rare circumstances, the professional accountant may be able to provide absolute assurance, for example, where the evidence available is conclusive and reliable because the subject matter is determinate, the criteria definitive and the process applied comprehensive. However, because of the limitations of the engagement process, a high level of assurance is ordinarily less than absolute. The professional accountant designs the engagement to reduce to a low level the risk of an inappropriate conclusion that the subject matter conforms in all material respects with identified suitable criteria.
30. The expression “moderate level of assurance” refers to the professional accountant having obtained sufficient appropriate evidence to be satisfied that the subject matter is plausible in the circumstances. The professional accountant designs the engagement to reduce to a moderate level the risk of an inappropriate conclusion. The professional accountant designs the report to convey a moderate level of assurance regarding the conformity of the subject matter with identified suitable criteria.

The following section contains the basic principles and essential procedures (identified in bold type black lettering) together with related guidance in the form of explanatory and other material for high level assurance engagements performed by professional accountants in public practice where no specific standards exist. The basic principles and essential procedures are to be interpreted in the context of the explanatory and other material that provide guidance for their application.

To understand and apply the basic principles and essential procedures together with the related guidance, it is necessary to consider the whole text of the Standard, including explanatory and other material contained therein, not just that text which is black lettered.

In exceptional circumstances, a professional accountant may judge it necessary to depart from this Standard in order to more effectively achieve the objective of the engagement. When such a situation arises, the professional accountant should be prepared to justify the departure.

This Standard need only be applied to material aspects of the subject matter.

The Public Sector Perspective (PSP) issued by the Public Sector Committee of the International Federation of Accountants is set out at the end of a standard. Where no PSP is added, the standard is applicable in all material respects to the public sector.

HIGH-LEVEL ASSURANCE ENGAGEMENTS**Scope of Standard**

31. **The objective of a high level assurance engagement is for a professional accountant in public practice to evaluate or measure a subject matter that is the responsibility of another party against identified suitable criteria, and to express a conclusion that provides the intended user with a high level of assurance about that subject matter.** The term "practitioner" is used hereafter to refer to a professional accountant in public practice.
32. The term "high level assurance engagement" is used to describe any assurance engagement intended to provide a high, but not absolute, level of assurance. The practitioner designs the engagement process so that the risk of expressing an inappropriate conclusion that the subject matter conforms in all material respects with suitable criteria, is reduced to a low level. The practitioner obtains sufficient appropriate evidence through procedures such as inspection, observation, inquiry, confirmation, computation and analysis.

Ethical Requirements

33. **The practitioner should comply with the requirements of the IFAC *Code of Ethics for Professional Accountants* (the Code).**
34. **A practitioner who performs an assurance engagement should be independent.** Section 8 of the Code indicates some of the situations which, because of the actual or apparent lack of independence, would give a reasonable observer grounds for doubting the independence of a practitioner.

Accepting the Engagement

35. **The practitioner should accept an engagement only if the subject matter is the responsibility of another party.** Acknowledgement by the responsible party provides evidence that the appropriate relationship exists and also establishes a basis for a common understanding of the responsibility of each party. Obtaining this acknowledgement in writing provides the most appropriate form of documentation of the responsible party's acknowledgement, but, recognizing the broad range of assurance engagements, this is not always practical. There may be other sources of evidence that indicate responsibility for the subject matter; for example, it may be clearly established in legislation, or contract. When the practitioner has other evidence that the responsibility exists, acknowledgement of responsibility for the subject matter may be obtained at other points in the engagement such as through discussions on the criteria or the level of assurance.
36. **The practitioner should accept the engagement only if the subject matter is identifiable and in a form that can be subjected to evidence gathering procedures, and the practitioner is not aware of any reason for believing that a conclusion expressing a high level of assurance about the subject**

matter based on suitable criteria cannot be expressed. The practitioner may accept the engagement only if, as a result of initial discussions with one or more of the parties associated with the engagement, and on the basis of a preliminary knowledge of the engagement circumstances, nothing comes to the attention of the practitioner to indicate that the requirements of this Standard will not be satisfied. The practitioner also needs to have a reasonable basis for believing that a conclusion with a high level of assurance concerning the subject matter can be provided and that the conclusion can be meaningful to the intended user of the report of the practitioner.

37. **The practitioner should be satisfied that those performing the engagement possess collectively the necessary professional expertise to perform the engagement.** Some subject matters may require specialist skills and knowledge beyond those practitioners ordinarily possess. In such cases the practitioner ensures that those persons carrying out the engagement as a team possess the requisite skills and knowledge.

Agreeing the Terms of the Engagement

38. **The practitioner should agree on the terms of the assurance engagement with the party who engages the practitioner.** As a means of reducing uncertainty, it is recommended that the agreed terms be recorded in an engagement letter or other suitable form of contract. In some cases the engagement objective, subject matter and time period are prescribed by a party or parties other than the one that appoints the practitioner, for example, by legislation. Where the assurance engagement mandate is legislated, acknowledgement of the legislative mandate meets this requirement.
39. A practitioner who, before the completion of the engagement, is requested to change the engagement from one that provides a high level of assurance to a different engagement, considers the appropriateness of doing so, and cannot agree to a change where there is no reasonable justification for the change.

Quality Control

40. **The practitioner should implement quality control policies and procedures designed to ensure that all assurance engagements are conducted in accordance with applicable standards issued by the International Federation of Accountants.** Quality control policies and procedures apply at two levels, and relate to the overall policies and procedures for all assurance engagements and also to the direction, supervision and review of work delegated to personnel involved in a specific assurance engagement. ISA 220 "Quality Control for Audit Work" sets out the current applicable standards.

Planning and Conduct

41. **The practitioner should plan and conduct the assurance engagement in an effective manner to meet the objective of the engagement.** Planning consists of developing a general strategy and a detailed approach to the assurance

engagement, and assists the proper assignment and supervision of work. The following are examples of the main matters that need to be considered.

- The engagement objective.
- The criteria to be used.
- The engagement process and possible sources of evidence.
- Preliminary judgments about materiality and engagement risk.
- Personnel and expertise requirements, including the nature and extent of the involvement of the experts.

Planning and supervision are continuous throughout the engagement, and plans may need to be changed as the engagement progresses.

42. **The practitioner should plan and conduct an assurance service engagement with an attitude of professional skepticism.** The practitioner neither assumes that the responsible party is dishonest nor assumes unquestioned honesty. Professional skepticism is an attitude that includes a questioning mind and a critical assessment of evidence. Without an attitude of professional skepticism, the practitioner may not be alert to circumstances that lead to a suspicion, and may draw inappropriate conclusions from the evidence obtained.
43. **The practitioner should have or obtain knowledge of the engagement circumstances sufficient to identify and understand the events, transactions and practices that may have a significant effect on the subject matter and engagement.** Such knowledge is used by the practitioner in assessing the suitability of the criteria, engagement risk and in determining the nature, timing and extent of engagement procedures.
44. **The practitioner should assess whether the criteria are suitable to evaluate the subject matter.** Criteria can be either *established* or *specifically developed*. Established criteria are those embodied in laws or regulations, or issued by recognized bodies of experts that follow due process. Specifically developed criteria are those identified for the purpose of the engagement and which are consistent with the engagement objective. The source of the criteria will affect the amount of work the practitioner will need to carry out in order to assess suitability for a particular engagement. In addition, those engaging the practitioner and the practitioner agree on the criteria. The practitioner may also discuss the criteria to be used with the responsible party or the intended user.
45. The decision as to whether the criteria are suitable involves considering whether the subject matter is capable of reasonably consistent evaluation against or measurement using such criteria. The characteristics for determining whether criteria are suitable are as follows:
 - (a) **Relevance:** relevant criteria contribute to conclusions that meet the objectives of the engagement, and have value in terms of improving the

quality of the subject matter, or its content, so as to assist decision making by intended users;

- (b) Reliability: reliable criteria result in reasonably consistent evaluation or measurement and, where relevant, presentation of the subject matter and conclusions when used in similar circumstances by similarly qualified professional accountants;
 - (c) Neutrality: neutral criteria are free from bias. Criteria are not neutral if they cause the practitioner's conclusion to mislead report users;
 - (d) Understandability: understandable criteria are clear and comprehensive and are not subject to significantly different interpretation; and
 - (e) Completeness: complete criteria exist when all the criteria that could affect the conclusions are identified or developed, and used.
46. The assessment of whether criteria are suitable involves weighing the relative importance of each characteristic and is a matter of judgment in light of the specific objective of the engagement. Irrespective of whether the subject matter is quantitative or qualitative, the criteria are to be suitable. In applying the guidance in paragraph 45, it is recognized that while suitable criteria are to possess each of the characteristics, the evidence available to support some of those characteristics for a particular subject matter will be less conclusive. If any of the characteristics are not met, the criteria are unsuitable. In emerging types of assurance engagements it is less likely that there will be established criteria, and therefore criteria will need to be specifically developed.
47. The practitioner ordinarily concludes that established criteria are suitable when the criteria are consistent with the engagement objective, unless an identifiable limited group of users has agreed to other criteria. In such cases, the practitioner's report indicates that the report is intended only for the use of the identified users. For example, International Accounting Standards are established criteria for the preparation and presentation of financial statements, but a particular user may specify an alternative basis of accounting that meets the user's specific information needs. The practitioner needs to be satisfied that specifically developed criteria do not result in a report that is misleading to intended users. The practitioner attempts to obtain from the intended users, those engaging the practitioner, or the responsible party, acknowledgement that specifically developed criteria are sufficient for the intended users' purposes. When such acknowledgement cannot be obtained, the practitioner considers the effect of this on the nature and extent of work required to be satisfied as to the suitability of the criteria and on the information provided about the criteria in the report of the practitioner.
48. **The practitioner should consider materiality and engagement risk when planning and conducting an assurance engagement in order to reduce the risk of expressing an inappropriate conclusion that the subject matter conforms in all material respects with suitable criteria.** When considering materiality, the practitioner needs to understand and assess what factors might

influence the decisions of the intended users. Materiality can be considered in the context of quantitative and qualitative factors, such as relative magnitude, the nature and extent of the effect of these factors on the subject matter and the expressed interests of intended users. The assessment of materiality and the relative importance of quantitative and qualitative factors in a particular engagement are matters for the practitioner's judgment.

49. Engagement risk¹ is the risk that the practitioner will express an inappropriate conclusion that the subject matter conforms in all material respects with suitable criteria. The practitioner plans and performs the engagement so as to reduce to an acceptable level the risk of expressing an inappropriate conclusion. In general, engagement risk can be represented by the following components:
 - (a) Inherent risk: the risks associated with the nature of the subject matter;
 - (b) Control risk: the risk that the responsible party's controls over the subject matter will not prevent, or detect and correct on a timely basis, matters that could affect the subject matter; and
 - (c) Detection risk: the risk that the practitioner's procedures will not detect material matters that could affect the subject matter.
50. While considered by the practitioner in all engagements, not all components of the engagement risk model will be significant for all assurance engagements. The extent to which the practitioner considers the relevant components of engagement risk will be affected by the engagement circumstances, for example the nature of the subject matter.
51. Engagement risk is influenced by the risks associated with:
 - (a) The nature and form of the subject matter;
 - (b) The nature and form of the criteria applied to the subject matter;
 - (c) The nature and extent of the process used to collect and evaluate evidence; and
 - (d) The sufficiency and appropriateness of the evidence likely to be available.

Evidence

52. **The practitioner should obtain sufficient appropriate evidence on which to base the conclusion.**
53. The concepts of sufficiency and appropriateness of evidence are interrelated, and include considering the reliability of evidence. Sufficiency is the measure of the quantity of evidence obtained and appropriateness is the measure of its

¹ In addition to engagement risk, the professional accountant is exposed to a business risk through loss or injury from litigation, adverse publicity, or other event arising in connection with a subject matter reported on. Business risk is not part of engagement risk and does not affect the application of this International Standard on Assurance Engagements.

quality, including its relevance to the subject matter. The decision as to whether sufficient evidence has been obtained will be influenced by its quality. The quality of evidence available to the practitioner will be affected by the nature of the subject matter and the quality of the criteria, and also by the nature and extent of the procedures applied by the practitioner. A determination as to the sufficiency and appropriateness of evidence is a matter of professional judgment.

54. The practitioner collects and evaluates evidence to evaluate whether the subject matter is in conformity with the identified criteria. The reliability of evidence is influenced by its source: internal or external, and by its nature: visual, documentary or oral. While the reliability of evidence is dependent on individual circumstances, the following generalizations will help in assessing the reliability of evidence:
 - (a) Evidence from external sources is more reliable than that generated internally;
 - (b) Evidence generated internally is more reliable when subject to appropriate controls within the entity;
 - (c) Evidence obtained directly by the practitioner is more likely to be reliable than that obtained from the entity; and
 - (d) Evidence in the form of documents and written representation is more likely to be reliable than oral representations.
55. Evidence is more persuasive when items of evidence from different sources or of a different nature are consistent. In these circumstances, the practitioner may obtain a cumulative degree of confidence higher than that obtained from items of evidence considered individually. Conversely, when evidence obtained from one source is inconsistent with that obtained from another, the practitioner determines what additional procedures are necessary to resolve the inconsistency.
56. In terms of obtaining sufficient appropriate evidence, it is generally more difficult to provide assurance on subject matter covering a period of time than subject matter covering a point in time. In addition, conclusions provided on processes are generally limited to the period covered by the engagement and do not extend to providing any assurance that the process will continue in the future.

Documentation

57. **The practitioner should document matters that are important in providing evidence to support the conclusion expressed in the practitioner's report, and in providing evidence that the assurance engagement was performed in accordance with applicable standards.**
58. Documentation includes a record of the practitioner's reasoning on all significant matters that require the exercise of judgment, together with the

practitioner's conclusion thereon. In areas involving difficult questions of principle or judgment, the documentation will include the relevant facts that were known by the practitioner at the time the conclusion was reached.

59. The extent of documentation is a matter of professional judgment since it is neither necessary nor practical to document every matter the practitioner considers. In assessing the extent of documentation to be prepared and retained, it may be useful for the practitioner to consider what is necessary to provide another professional accountant who has no previous experience with the engagement with an understanding of the work performed and the basis of the principal decisions taken, but not the detailed aspects of the engagement. However, even then, that other professional accountant may only be able to obtain an understanding of detailed aspects of the engagement by discussing them with the practitioner who prepared the documentation.

Subsequent Events

60. **The practitioner should consider the effect of subsequent events up to the date of the practitioner's report. When the practitioner becomes aware of events that materially affect the subject matter and the practitioner's conclusion, the practitioner should consider whether the subject matter reflects those events properly or whether those events are addressed properly in the practitioner's report.** The extent of any consideration of subsequent events depends on the potential for such events to affect the subject matter and to affect the appropriateness of the practitioner's conclusions. For some assurance engagements the nature of the subject matter may be such that consideration of subsequent events is not relevant to the conclusion. For example, when the engagement is to provide a conclusion about the accuracy of a statistical return at a point in time, events occurring after that point in time, but before the date of the practitioner's report, may not affect the conclusion.

Using the Work of an Expert

61. **When an expert is used in the collection and evaluation of evidence, the practitioner and the expert should, on a combined basis, possess adequate knowledge of the subject matter and have adequate proficiency in the subject matter for the practitioner to determine that sufficient appropriate evidence has been obtained.**
62. The subject matter and related criteria of some assurance engagements may be composed of a number of elements requiring specialized knowledge and skills in the collection and evaluation of evidence. In these situations, the practitioner may decide to use the work of persons from other professional disciplines, referred to as experts, who have the required skills and knowledge of the relevant aspects of the subject matter or criteria. This Standard does not provide guidance on engagements where there is joint responsibility and reporting by a practitioner and one or more experts.

63. Due care is a required professional quality for all individuals, including experts, involved in an assurance engagement. Persons involved in assurance engagements will have varying responsibilities assigned to them. The extent of proficiency required in performing those engagements will vary with the nature of their responsibilities. While experts do not require the same proficiency as the practitioner in performing all the components of an assurance engagement, the practitioner determines that the experts have a sufficient understanding of this Standard to enable them to relate the work assigned to them to the engagement objective.
64. The exercise of due care requires that all persons involved in an assurance engagement comply with these Assurance Standards, including any subject matter experts who are not professional accountants. The quality control procedures adopted by the practitioner will address the responsibility of each person performing the assurance engagement to comply with this Standard in the context of their responsibilities in the engagement process.
65. **When an expert is involved, the practitioner should have a level of involvement in the engagement and an understanding of the aspects of the subject matter for which the expert has been used, sufficient to enable the practitioner to accept responsibility for expressing a conclusion on the subject matter.** The practitioner considers the extent to which the practitioner will rely on the work of an expert in forming a conclusion on the subject matter.
66. The practitioner is not expected to possess the same specialized knowledge and skills as the expert. However, the practitioner needs to have a reasonable understanding to:
 - (a) Define the objectives of the work assigned to the expert and how this work relates to the objective of the engagement;
 - (b) Consider the reasonableness of the assumptions, methods and source data used by the expert; and
 - (c) Consider the reasonableness of the findings of the expert in relation to the objective of the engagement.
67. **When an expert is involved, the practitioner should obtain sufficient appropriate evidence that the work of the expert is adequate for the purposes of the assurance engagement.** The practitioner evaluates the sufficiency and appropriateness of the evidence provided by the expert by considering and assessing:
 - (a) The professional competence, experience and objectivity of the expert;
 - (b) The reasonableness of the assumptions, methods and source data used by the expert; and
 - (c) The reasonableness and significance of the expert's findings in relation to the objective of the engagement and the conclusion on the subject matter.

Reporting

68. **The report should express a conclusion that conveys a high level of assurance about the subject matter, based on the results of the work performed. The practitioner's report should contain a clear expression of the practitioner's opinion about a subject matter based on the identified suitable criteria and the evidence obtained in the course of the assurance engagement.** The report can take various forms, such as written (in hard copy or electronic form), oral, or by symbolic representation. However, a written report is generally the most effective form for adequately presenting the detail required and evidencing the conclusions provided. Oral and other forms of expressing the conclusion are open to misunderstanding without the support of a written report. For this reason, the practitioner will not ordinarily report orally without also providing a definitive written report.
69. This Standard does not require a standardized format for reporting on all assurance engagements but rather identifies the minimum information required to be included in the report. These minimum requirements may be tailored to the specific engagement circumstances. For certain assurance engagements, the practitioner may choose to adopt a flexible approach using a narrative (or "long form") style of reporting rather than a standardized (or "short form") format. This will result in more engagement-specific reports to facilitate effective communication to the intended user of the conclusion expressed.
70. The form of conclusion to be expressed by the practitioner is determined by the nature of the subject matter and the agreed objective of the engagement and is designed to meet the needs of the intended user of the report of the practitioner.

Report Content

71. **The practitioner's report should include:**
- (a) **Title:** an appropriate title helps to identify the nature of the assurance engagement being provided, the nature of the report and to distinguish the practitioner's report from reports issued by others such as those who do not have to abide by the same ethical requirements as the practitioner;
 - (b) **An addressee:** an addressee identifies the party or parties to whom the report is directed;
 - (c) **A description of the engagement and identification of the subject matter:** the description includes the engagement objective, the subject matter, and (when appropriate) the time period covered;
 - (d) **A statement to identify the responsible party and describe the practitioner's responsibilities:** this informs the reader that the responsible party is responsible for the subject matter and that the practitioner's role is to express a conclusion about the subject matter;

- (e) **When the report is for a restricted purpose, identification of the parties to whom the report is restricted and for what purpose it was prepared:** while the practitioner cannot control the distribution of the report, this will inform readers of the party or parties to whom the report is restricted and for what purpose, and provides a caution to readers other than those identified that the report is intended only for the purposes specified;
 - (f) **Identification of the standards under which the engagement was conducted:** when a practitioner performs an engagement for which specific standards exist, the report identifies those specific standards. When specific standards do not exist, the report states that the engagement was performed in accordance with this Standard. The report includes a description of the engagement process and identifies the nature and extent of procedures applied;
 - (g) **Identification of the criteria:** the report identifies the criteria against which the subject matter was evaluated or measured so that readers can understand the basis for the practitioner's conclusions. The criteria may either be described in the practitioner's report or simply be referred to if they are set out in an assertion prepared by the responsible party or exist in a readily accessible source. Disclosure of the source of the criteria and whether or not the criteria are generally accepted in the context of the purpose of the engagement and the nature of the subject matter is important in understanding the conclusions expressed;
 - (h) **The practitioner's conclusion, including any reservations or denial of a conclusion:** the report informs users of the practitioner's conclusion about the subject matter evaluated against the criteria and conveys a high level of assurance expressed in the form of an opinion. Where the engagement has more than one objective, a conclusion on each objective is expressed. Where the practitioner expresses a reservation or denial of conclusion, the report contains a clear description of all the reasons;
 - (i) **The report date:** the date informs users that the practitioner has considered the effect on the subject matter of material events of which the practitioner became aware up to that date; and
 - (j) **The name of the firm or the practitioner and the place of issue of the report:** the name informs the readers of the individual or firm assuming responsibility for the engagement;
72. The practitioner may expand the report to include other information and explanations not intended as a reservation. Other examples include findings relating to particular aspects of the engagement and recommendations of the practitioner or references to the inherent limitations of the subject matter. When considering whether to include any such information, the practitioner assesses the significance of that information in the context of the objective of the engagement. Additional information is not to be worded in such a manner

to affect the conclusion of the practitioner. The practitioner considers the use of appropriate headings to identify the principal sections of the report as a means of improving communication.

Reservation or Denial of Conclusion

73. The conclusion should clearly express circumstances where:

- (a) **The practitioner is of the view that one, some or all aspects of the subject matter do not conform to the identified criteria;**
- (b) **The assertion prepared by the responsible party is inappropriate in terms of the identified criteria; or**
- (c) **The practitioner is unable to obtain sufficient appropriate evidence to evaluate one or more aspects of the subject matter's conformity with the identified criteria.**

Where the practitioner expresses a reservation about the subject matter, the nature and expression of that reservation is determined by the materiality of the matter giving rise to the reservation, for example, whether it relates to some or all aspects of the subject matter not conforming to the criteria (disagreement), or the inability of the practitioner to obtain sufficient appropriate evidence on some or all aspects of the subject matter (limitation of scope). When the practitioner expresses a reservation of conclusion or a denial of conclusion, the report discloses all significant facts and reasons relating to the reservation or denial.

Effective Date

- 74. This ISAE is effective for assurance engagements intended to provide a high level of assurance where the report is dated on or after December 31, 2001. Earlier application is encouraged.

Public Sector Perspective

- 1. *The Public Sector Committee (PSC) considers and makes use of the pronouncements issued by the International Auditing Practices Committee for their application in the public sector. "Public sector" refers to national governments, regional (state, provincial, territorial) governments, local (city, town) governments and related governmental entities (agencies, boards, commissions and enterprises).*
- 2. *Irrespective of whether an assurance engagement is being conducted in the private or public sectors, the basic principles remain the same. However, the application of the principles may need to be clarified or supplemented to accommodate the public sector circumstances and perspective of individual jurisdictions. The nature of potential matters for clarification and supplementation is identified in the "Public Sector Perspective (PSP)"*

included at the end of each International Standard on Assurance Engagements (International Standard) when required.

3. *If no PSP is included at the end of an International Standard, then the International Standard is applicable in all material respects to an assurance engagement in the public sector.*

Assurance Engagements in the Public Sector—Specific considerations

4. *Professional accountants appointed to perform an assurance engagement in the public sector need to take account of the specific requirements of any relevant regulations, ordinances or ministerial directives that affect the mandate, or any special requirements. The mandate and requirements may affect certain aspects of the assurance engagement, such as, the extent of the professional accountant's discretion in establishing materiality, and in the form of the report. In particular, legislation and regulations often specify requirements relating to the subject matter and the reporting of certain assurance engagements in the public sector.*
5. *While the standards on high level assurance engagements are limited to professional accountants in public practice (practitioners), the basic principles are also applicable to professional accountants undertaking such engagements in the public sector, such as public sector auditors.*

Subject Matter

6. *The mandate and legal requirements affecting professional accountants often encompass a wide range of objectives and subject matter. For example, professional accountants may be required to report on the reliability and appropriateness of performance indicators included in a public sector entity's annual report, relating to such matters as productivity levels, quality and volume of service and the extent to which particular service delivery objectives have been achieved. In addition, professional accountants may be required to report on:*
 - *Compliance with legislative or regulatory requirements and related authorities;*
 - *Adequacy of accounting and control systems; and*
 - *Economy, efficiency and effectiveness of programs, projects and activities.*
7. *In these engagements, the professional accountant may attest to a report or assertion regarding the subject matter, or may directly report their evaluation of the subject matter. Professional accountants may be required to report not only on the reliability of a performance report of a government program, but also on the relevance of performance measures to the objectives of that program.*

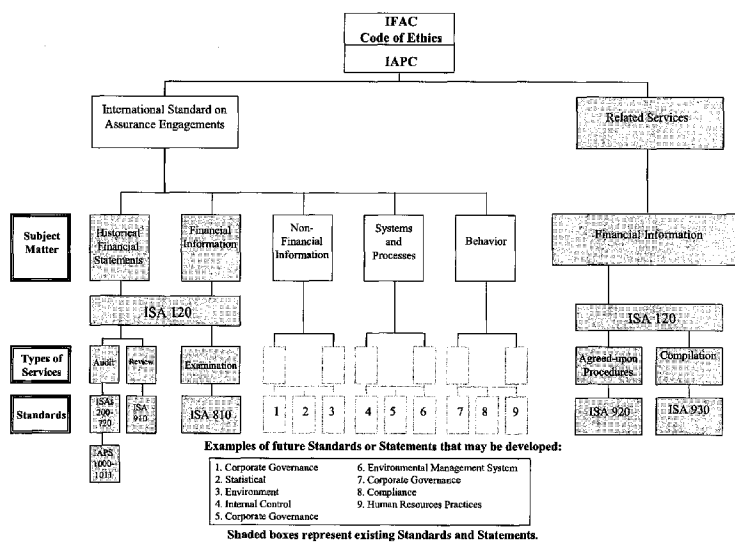
Reporting

8. *Professional accountants often undertake direct reporting assignment, since the responsible party may not have prepared a written assertion. While the reports generally should contain the elements described in paragraph 71, such reports are often long-form, describing in more detail the objective of the engagement, the criteria, the findings and conclusions. Professional accountants may also include recommendations in their reports.*
9. *Some mandates may require professional accountants to report instances of non-compliance, or instances where management has not handled matters with due regard to economy, efficiency and effectiveness. It should nevertheless be recognized that the framework contemplates that the report will contain a clear expression of the professional accountant's conclusion about the subject matter..*

Appendix

Relationship with Existing ISAs

The diagram on the following page indicates the relationship between this ISAE and the IAPC's existing ISAs and IAPs.



Report on the Issues Arising from Exposure Drafts of the International Standard on Assurance Engagements*Chronology*

1. In August 1997, the IAPC issued an exposure draft "Reporting on the Credibility of Information". This initiative recognized the increasing demand for information on a broad range of subject matters to meet the needs of decision-makers, and the consequent need in both the private and public sectors for services that enhance the credibility of that information. The exposure draft introduced the concept of a continuum of levels of assurance that could be provided, with the level of assurance provided in a particular engagement being dependant upon the interrelationship of four variables.
2. The IAPC received strong support for the aims of the 1997 exposure draft. The vast majority of respondents agreed with the concept of a continuum of levels of assurance. However, many respondents believed that the concept would be difficult to apply in practice, and in particular that it would be difficult to ensure that any report would convey the level of assurance with the necessary precision.
3. In order to address the concerns expressed by respondents, the IAPC concluded that significant changes needed to be made to the 1997 exposure draft and, as a result, issued a second exposure draft "Assurance Engagements" in March 1999. This kept the concept of the continuum, but restricted the levels of assurance being provided to two levels: a high level and a moderate level.
4. The exposure period for the 1999 exposure draft ended in July 1999, and the IAPC has examined the issues raised in those responses. The responses to the 1999 exposure draft continued to support the underlying concepts in the document. There was agreement on how the concepts would be applied to assurance engagements intended to provide a high level of assurance. However, there was disagreement as to how the concepts would be applied to assurance engagements intended to provide a moderate level of assurance. A number of respondents believed that the model did not provide sufficient guidance as it did not explain adequately the interaction of the variables and how they result in a moderate level of assurance. In addition, there was not consensus on how the moderate level of assurance is best communicated. Two alternative models for the moderate level of assurance were identified: one based in the interaction of the variables and the other based on work effort.
5. Respondents agreed that the concepts could be applied in assurance engagements conducted by all professional accountants. However, many respondents questioned whether professional accountants not in public practice should be *required* to use any standard derived from those concepts, and whether such requirement could be enforced.

6. In June 2000 the IAPC issued an International Standard on Assurance Engagements (ISAE) taking into account the comments received on the 1999 exposure draft. In view of the support that the framework received, and the fact that there was agreement on the requirements for a high level assurance engagement, the ISAE provides a framework for all assurance engagements—both moderate level and high level assurance engagements—and sets standards and provides guidance for the performance of engagements intended to provide a high level of assurance. The IAPC decided that the standards and guidance should apply only to those assurance engagements conducted by professional accountants in public practice, but would not prohibit other professional accountants from applying the ISAE should they be able to do so.
7. In view of the lack of agreement on standards for engagements intended to provide a moderate level of assurance, the IAPC has decided not to proceed at this time with a standard on moderate level assurance engagements. However, in developing new standards for assurance engagements on specific subjects, the IAPC will consider whether it can develop standards for moderate-level assurance engagements where it believes it appropriate.
8. IAPC intends to conduct research with the objective of identifying the determinants of moderate level of assurance and their interaction, and the ways in which that level of assurance can be expressed.

Two Views of Moderate Assurance

9. As indicated in paragraph 4 there were two views expressed as to how professional accountants determine whether a particular engagement can be conducted to provide a moderate level of assurance. These are the interaction of variables view (as expressed in the 1997 and 1999 exposure drafts), and the work effort view.

Interaction of Variables View

10. The determination of the level of assurance that can be provided involves consideration of the inter-relationship between the following:
 - (a) Subject Matter

Some subject matter is inherently more capable of reliable measurement and support by relatively conclusive evidence. All else being equal, a higher level of assurance can be provided about an historical and quantitative subject matter (for example, historical financial statements) than about a more subjective and qualitative subject matter (for example, ethical behavior or a financial forecast).
 - (b) Criteria

While all criteria need to be suitable, depending on the nature of the subject matter some criteria provide a means for more reliable measurement of the subject matter. A lower level of assurance will be

provided when the criteria are qualitative rather than quantitative, for example criteria addressing standards of ethical conduct will be subjective and qualitative.

(c) Process

A major determinant of the level of assurance that can be provided is the nature, timing, and extent of the procedures adopted by the professional accountant to gather evidence on which to base the conclusion. The professional accountant determines the nature, timing and extent of the process to be applied to achieve the engagement objective. The higher the level of assurance to be provided, the more comprehensive must be the procedures performed.

(d) Quantity and Quality of Evidence

The professional accountant will, through the application of appropriate procedures, seek to obtain sufficient appropriate evidence as the basis for the provision of the level of assurance. The professional accountant evaluates the reliability of the evidence obtained. Ordinarily, the evidence available to the professional accountant is persuasive rather than conclusive. In conjunction with the nature and form of the subject matter, criteria and procedures, the reliability of the evidence itself can impact the overall sufficiency and appropriateness of the evidence available.

11. The level of assurance is determined by the nature of the subject matter, criteria and by both the quantity and quality of evidence obtained. The professional accountant uses professional judgment to determine the appropriate level of assurance taking into account the interrelationship of the four variables. The following two situations illustrate the inter-relationship of these variables that result in a moderate level of assurance:

(a) Subject matter capable of reliable measurement using objective criteria.

The professional accountant applies procedures of a different nature or less extensive procedures than in an audit. The resulting evidence, while lower in quantity or quality than would be required for audit, may be sufficient to support a moderate level of assurance.

(b) Subject matter measurement less reliable because suitable criteria are less objective.

In some situations the subjectivity of the criteria may cause the measurement of the subject matter to be less reliable. This may, regardless of the procedures performed, result in an inability to obtain sufficient and appropriate evidence to support a high level of assurance. However, the professional accountant may be able to plan and perform appropriate procedures to obtain the evidence necessary to support a moderate level of assurance.

12. To differentiate the levels of assurance described above and to assist users of the professional accountant's report to understand the level of assurance being provided, the report includes additional explanatory language reflecting the influence, in the particular engagement, of the factors identified in paragraph 10. The conclusion and explanatory language will facilitate the communication to report users and limit the potential for these users to take a level of assurance beyond that which is intended, and what is reasonable in the circumstances.

Work Effort View

13. The level of assurance provided by the professional accountant is determined based, in the first instance, on the users' needs (including cost considerations) and, secondly, by the procedures performed to obtain sufficient appropriate evidence. The criteria and subject matter are viewed as prerequisites to the engagement. Both are considered when deciding whether or not the professional accountant is able to accept the engagement. Once the professional accountant determines that the criteria and subject matter support an assurance engagement, it is the work effort (the nature, timing and extent of the procedures performed) that determines the level of assurance. Consequently, if the professional accountant concludes that the professional accountant is unable to perform a high-level assurance engagement because of concerns regarding the criteria or the subject matter, the professional accountant would also be unable to perform a moderate-level assurance engagement.
14. Criteria are such a critical element of an assurance engagement that they must conclusively meet all of the characteristics of suitability to support providing any level of assurance. Thus, either the criteria have the characteristics of suitable criteria or they do not. For example, it is not possible for criteria to be only somewhat relevant and reliable and, therefore, while not suitable for a high level of assurance engagement, still be considered adequate for a moderate-level assurance engagement. If criteria were not suitable in this regard, then they would not meet all of the characteristics of suitability defined in paragraph 22 of the International Standard for Assurance Engagements.
15. The subject matter of an assurance engagement needs to be identifiable, capable of consistent evaluation or measurement against suitable criteria, and in a form that can be subjected to procedures for gathering evidence to support that evaluation or measurement. Once again, therefore, consideration of the subject matter is an engagement acceptance decision that the professional accountant considers when deciding whether or not it is possible to perform an assurance engagement either at a high level or a moderate level of assurance.
16. When the subject matter is not capable of consistent measurement, or when the criteria do not meet one or more of the characteristics of suitable criteria, the professional accountant is unable to perform an assurance engagement as defined in the ISAE.

17. Since suitable criteria and the subject matter are engagement acceptance decisions, it is the work effort that determines the level of assurance provided. Professional judgment would be applied in determining the nature, timing and extent of procedures that would be performed in any particular engagement. Nevertheless, this model results in a high level of consistency in its application by different professional accountants in similar circumstances, and in the understanding by users of the level of assurance conveyed in the report.
18. In the professional accountant's report, in addition to the conclusion that expresses the level of assurance (either high or moderate, depending on the objective of the engagement), the professional accountant might consider including additional explanatory language regarding the degree of precision of the subject matter, or its inherent limitations, to help readers of the report put the professional accountant's conclusion in appropriate context. The explanatory language is not a reservation of the auditor's conclusion.
19. The model is necessarily rigorous to ensure that professional accountants are able to reach consistent conclusions, given the same set of circumstances, as to the level of assurance that can be provided. In situations when the criteria have not been adequately developed, the professional accountant would not be able to perform an assurance engagement, but would be able to perform special purpose engagements, or agreed-upon procedures engagements, to meet users' specific needs.

Further Research

20. As referred to in paragraph 8, the IAPC is conducting research to help resolve the above issue. Those who wish to provide comments to assist the research may do so through the IFAC secretariat.²

² The results of the research was issued in June 2002. Refer to Study 1, "The Determination and Communication of Levels of Assurance Other than High," which is available from the IAASB website at <http://www.iaasb.org>.

INTERNATIONAL STANDARD ON AUDITING 120
FRAMEWORK OF INTERNATIONAL STANDARDS ON
AUDITING

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International Standards on Auditing (ISAs) are to be applied in the audit of financial statements. ISAs are also to be applied, adapted as necessary, to the audit of other information and to related services.

ISAs contain the basic principles and essential procedures (identified in bold type black lettering) together with related guidance in the form of explanatory and other material. The basic principles and essential procedures are to be interpreted in the context of the explanatory and other material that provide guidance for their application.

To understand and apply the basic principles and essential procedures together with the related guidance, it is necessary to consider the whole text of the ISA including explanatory and other material contained in the ISA not just that text which is black lettered.

In exceptional circumstances, an auditor may judge it necessary to depart from an ISA in order to more effectively achieve the objective of an audit. When such a situation arises, the auditor should be prepared to justify the departure.

ISAs need only be applied to material matters.

The Public Sector Perspective (PSP) issued by the Public Sector Committee of the International Federation of Accountants is set out at the end of an ISA. Where no PSP is added, the ISA is applicable in all material respects to the public sector.

Introduction

1. The International Auditing Practices Committee has been authorized to issue International Standards on Auditing (ISAs). The purpose of this document is to describe the framework within which ISAs are issued in relation to the services which may be performed by auditors.
2. For ease of reference, except where indicated, the term "auditor" is used throughout the ISAs when describing both auditing and related services which may be performed. Such reference is not intended to imply that a person performing related services need be the auditor of the entity's financial statements.

Financial Reporting Framework

3. Financial statements are ordinarily prepared and presented annually and are directed toward the common information needs of a wide range of users. Many of those users rely on the financial statements as their major source of information because they do not have the power to obtain additional information to meet their specific information needs. Thus, financial statements need to be prepared in accordance with one, or a combination of:
 - (a) International Accounting Standards;
 - (b) National accounting standards; and
 - (c) Another authoritative and comprehensive financial reporting framework which has been designed for use in financial reporting and is identified in the financial statements.

Framework for Auditing and Related Services

4. This Framework distinguishes audits from related services. Related services comprise reviews, agreed-upon procedures and compilations. As illustrated in the diagram below, audits and reviews are designed to enable the auditor to provide high and moderate levels of assurance respectively, such terms being used to indicate their comparative ranking. Engagements to undertake agreed-upon procedures and compilations are not intended to enable the auditor to express assurance.

	Auditing	Related Services		
Nature of service	Audit	Review	Agreed-upon Procedures	Compilation
Comparative level of assurance provided by the auditor	High, but not absolute, assurance	Moderate assurance	No assurance	No assurance
Report provided	Positive assurance on assertion(s)	Negative assurance on assertion(s)	Factual findings of procedures	Identification of information compiled

5. The Framework does not apply to other services provided by auditors such as taxation, consultancy, and financial and accounting advice.

Levels of Assurance

6. Assurance in the context of this Framework refers to the auditor's satisfaction as to the reliability of an assertion being made by one party for use by another party. To provide such assurance, the auditor assesses the evidence collected as a result of procedures conducted and expresses a conclusion. The degree of satisfaction achieved and, therefore, the level of assurance which may be provided is determined by the procedures performed and their results.
7. In an audit engagement, the auditor provides a high, but not absolute, level of assurance that the information subject to audit is free of material misstatement. This is expressed positively in the audit report as reasonable assurance.
8. In a review engagement, the auditor provides a moderate level of assurance that the information subject to review is free of material misstatement. This is expressed in the form of negative assurance.
9. For agreed-upon procedures, as the auditor simply provides a report of the factual findings, no assurance is expressed. Instead, users of the report assess for themselves the procedures and findings reported by the auditor and draw their own conclusions from the auditor's work.
10. In a compilation engagement, although the users of the compiled information derive some benefit from the accountant's¹ involvement, no assurance is expressed in the report.

¹ To distinguish compilation engagements from audits and other related services the term "accountant" (rather than "auditor") has been used to refer to a professional accountant in public practice.

Audit

11. The objective of an audit of financial statements is to enable the auditor to express an opinion whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework. The phrases used to express the auditor's opinion are "give a true and fair view" or "present fairly, in all material respects," which are equivalent terms. A similar objective applies to the audit of financial or other information prepared in accordance with appropriate criteria.
12. In forming the audit opinion, the auditor obtains sufficient appropriate audit evidence to be able to draw conclusions on which to base that opinion.
13. The auditor's opinion enhances the credibility of financial statements by providing a high, but not absolute, level of assurance. Absolute assurance in auditing is not attainable as a result of such factors as the need for judgment, the use of testing, the inherent limitations of any accounting and internal control systems and the fact that most of the evidence available to the auditor is persuasive, rather than conclusive, in nature.

Related Services*Reviews*

14. The objective of a review of financial statements is to enable an auditor² to state whether, on the basis of procedures which do not provide all the evidence that would be required in an audit, anything has come to the auditor's attention that causes the auditor to believe that the financial statements are not prepared, in all material respects, in accordance with an identified financial reporting framework. A similar objective applies to the review of financial or other information prepared in accordance with appropriate criteria.
15. A review comprises inquiry and analytical procedures which are designed to review the reliability of an assertion that is the responsibility of one party for use by another party. While a review involves the application of audit skills and techniques and the gathering of evidence, it does not ordinarily involve an assessment of accounting and internal control systems, tests of records and of responses to inquiries by obtaining corroborating evidence through inspection, observation, confirmation and computation, which are procedures ordinarily performed during an audit.
16. Although the auditor attempts to become aware of all significant matters, the procedures of a review make the achievement of this objective less likely than in an audit engagement, thus the level of assurance provided in a review report is correspondingly less than that given in an audit report.

² As explained in paragraph 2 the term auditor is used when describing both auditing and related services. Such reference is not intended to imply that a person performing related services need be the auditor of the entity's financial statements.

Agreed-upon Procedures

17. In an engagement to perform agreed-upon procedures, an auditor³ is engaged to carry out those procedures of an audit nature to which the auditor and the entity and any appropriate third parties have agreed and to report on factual findings. The recipients of the report must form their own conclusions from the report by the auditor. The report is restricted to those parties that have agreed to the procedures to be performed since others, unaware of the reasons for the procedures, may misinterpret the results.

Compilations

18. In a compilation engagement, the accountant⁴ is engaged to use accounting expertise as opposed to auditing expertise to collect, classify and summarize financial information. This ordinarily entails reducing detailed data to a manageable and understandable form without a requirement to test the assertions underlying that information. The procedures employed are not designed and do not enable the accountant to express any assurance on the financial information. However, users of the compiled financial information derive some benefit as a result of the accountant's involvement because the service has been performed with due professional skill and care.

Auditor Association with Financial Information

19. An auditor⁵ is associated with financial information when the auditor attaches a report to that information or consents to the use of the auditor's name in a professional connection. If the auditor is not associated in this manner, third parties can assume no responsibility of the auditor. If the auditor learns that an entity is inappropriately using the auditor's name in association with financial information, the auditor would require management to cease doing so and consider what further steps, if any, need to be taken, such as informing any known third party users of the information of the inappropriate use of the auditor's name in connection with the information. The auditor may also believe it necessary to take other action, for example, to seek legal advice.

Public Sector Perspective

1. *The Public Sector Committee (PSC) issues pronouncements aimed at developing and harmonizing public sector financial reporting, accounting and auditing practices. "Public Sector" refers to national governments, regional (state, provincial, territorial) governments, local (city, town) governments and related governmental entities (agencies, boards, commissions and enterprises). The PSC considers and makes use of pronouncements issued by the*

³ See footnote 2.

⁴ See footnote 1.

⁵ This includes an accountant engaged to perform compilation engagements.

International Auditing Practices Committee to the extent they are applicable to the public sector..

2. *Governments, government business enterprises and other non-business public sector entities ordinarily prepare financial statements to report on their financial position (or aspects thereof), results of operations and cash flows, for use by legislators, government departments, outside investors, employees, lenders, the public and other users. The audit of such financial statements may be the responsibility of a Supreme Audit Institution, other bodies appointed by statute or practicing auditors..*
3. *Whenever an audit opinion is to be expressed on financial statements, the same audit principles apply regardless of the nature of the entity, because users of audited financial statements are entitled to a uniform quality of audit performance. Since ISAs set out the basic audit principles and related practices and procedures, they apply to audits of the financial statements of governments and other public sector entities. However, the application of certain ISAs may need to be clarified or supplemented to accommodate the public sector circumstances and perspective of individual jurisdictions, particularly as they relate to the audits of governments and other non-business public sector entities. The nature of potential matters for clarification or supplementation is identified in the "Public Sector Perspective (PSP)" included at the end of each ISA..*
4. *The financial statements of governments, government business enterprises and other non-business public sector entities may include information that is different from, or in addition to, that contained in the financial statements of private sector entities (for example, comparisons of expenditures in the period with limits established by legislation). In such circumstances, appropriate modifications may be required to the nature, timing and extent of audit procedures, and the auditor's report.*
5. *Further, governments and non-business public sector entities, as well as some government business enterprises, are required to achieve service delivery as well as financial objectives. For such entities, the financial statements, by themselves, are unlikely to adequately report on all aspects of the entity's performance. Consequently, these public sector entities may be required to include in their annual report other performance indicators relating to such matters as productivity levels, quality and volume of service and the extent to which particular service delivery objectives have been achieved. The PSPs included in the ISAs are not intended to apply to the audit of such information.*
6. *In addition, the auditors of public sector entities may be required to report on:*
 - (a) *Compliance with legislative or regulatory requirements and related authorities;*
 - (b) *Adequacy of accounting and internal control systems; and*
 - (c) *Economy, efficiency and effectiveness of programs, projects and activities.*

FRAMEWORK OF INTERNATIONAL STANDARDS ON AUDITING

The PSPs also do not apply to such reports.

7. *If no PSP is added at the end of an ISA, the ISA is applicable in all material respects to the audit of financial statements in the public sector.*

UK comments on 2nd draft of CPA Contract and Grant Procedures

The UK would like to thank those involved in producing the revised draft. We are grateful that a number of our points have been taken on board.

There are a few outstanding issues which we would be happy to discuss:

1. The most important issue remaining to be clarified is that international competition should be mandatory for all large contracts (except in exceptional circumstances, as defined). We would be grateful if this could be clarified in Section 6 (1a), Section 7 (3a) and Appendix A, page 2, 2nd bullpoint.
2. We are concerned at the proposal to give preference to Iraqi-based vendors. As currently set out, this could give preference to foreign firms who simply have offices in Iraq. We are sure this was not the intention. We suggest re-working this section to be clear that indigenous Iraqi firms (those owned and managed by Iraqis) will be given first opportunity to bid for micro and small purchases, such that these contracts will only be offered to international firms if there is no Iraqi firm able to meet the requirement. For large purchases, international competition should be mandatory (as above), but the amount of Iraqi participation in contracts should be used as an evaluation criteria (as the draft suggests). If price preferences are to be applied, it is vital for the purposes of transparency that the way they will be implemented is clearly spelt out in this document (what % etc...).
3. We note that the PRB is given authority to amend annexes. Are we right to assume that the PRB can also propose changes to the memorandum itself to the Administrator? Does this need stating?
4. Could we add to Section 3 a definition of the PRB (with membership listed in an annex), and could the document state the role of the PRB in the process? ie at which stage in the programme formulation cycle should programmes be put before the PRB? This should, wherever possible, be before the contracting process has started.
5. There appears still to be nothing stating which law will govern contracts – we suggest this be agreed on a contract by contract basis.
6. We are concerned that the sections covering grants may require further work. For example, most development agencies use grants for non-profit making entities, and contracts for commercial enterprises. There are different processes to ensure value for money in the case of grants. But grants still require monitoring in the same way that contracts do – particularly for large amounts. May we suggest that the references to grants be removed from this document (in order not to delay its finalisation) and that a separate short memo be prepared covering grants. We would be happy to provide input for such a paper.
7. Could Section 2(3) refer to 'Interim Ministers (once appointed) and Interim Ministry Officials...'?
8. Could Section 5 have an additional sentence making clear that the Head of Contracting Authority is accountable for all contracting decisions?

9. We suggest Section 7 (3c) should include a sentence to the effect that evaluation criteria shall be published alongside Requests for Proposals – this is important for reasons of transparency.

[REDACTED]
17 July 2003

Tel: [REDACTED]

**CONTRACT AND GRANT PROCEDURES
APPLICABLE TO VESTED AND SEIZED IRAQI PROPERTY AND
DEVELOPMENT FUND FOR IRAQ**

Contract File Requirements

APPENDIX A

Micro Purchases (\$2,500 or less)

Documentation should be kept to a minimum. However, the file will include:

- Competition efforts, if any, including a written summary of oral solicitations if award is based on an oral solicitation.
- The basis for the award decision if other than lowest price.
- Material Contract terms (Who is to do What, When, and for How much?)
- Information demonstrating the outcome (such as receipts, delivery notices, notes of the contracting officer regarding contractor performance for services).
- Micro Purchase files will be maintained for 1 year following the final payment on the contract.

Small Purchases (\$2,500.01-\$200,000)

Documentation should be kept to a minimum but should be tailored to the size and nature of the acquisition. The information maintained in the file will be sufficient to permit review of the transaction. Files will include:

- ~~Written solicitations.~~ *DOCUMENTATION OF ORAL SOLICITATIONS*
- Evidence of Competition including posted notices (including the location and length of time posted), direct solicitations, advertisements, posting on web pages, or other means used to publicize the opportunity to bid.
- For solicitations in which only one source is solicited (i.e., sole-source contract awards), a written justification must be included. Sole source contracting is to be avoided except in the most exigent circumstances. Simple expediency is an insufficient justification for sole source contracting.
- If Evaluation Criteria are used, include evaluation criteria.
- Significant correspondence with vendors.
- Notification to successful vendor.
- Written contract containing required terms for agreements exceeding \$10,000 or a summary of material terms for agreements less than \$10,000.
- Contract performance and outcome information including invoices for progress payments and verification of performance including notes of inspections or monitoring where appropriate.
- Small Purchase Files will be maintained for 1 year following the final payment on the contract.

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UNCLASSIFIED

COALITION PROVISIONAL AUTHORITY

BAGHDAD

INFO MEMO

July 14, 2003

FOR: DIRECTORS, MINISTRIES, REGIONS

FROM: [REDACTED] COL, AC, Head of Contracting Authority

SUBJECT: Advertisement of Contracting Opportunities

In order to insure the widest dissemination of the Coalition Provisional Authority (CPA) requirements for goods and services, there are multiple avenues established or in the process of being stood up to advertise our needs.

All contracting efforts performed by this office will be advertised at: the Business Information section of the CPA WEB Page (www.cpa-iraq.org); Baghdad Business Center (Bulletin Board and electronic files); Bulletin Boards located in various general public areas here in Baghdad and eventually at the Region CPAs.

In addition, it is anticipated that local, national, and international newspaper, radio, and television media will provide the locations above as places to seek information for on-going procurement opportunities that potential contractors or interested persons might wish to propose on.

It should be acknowledged that depending on the urgency or security of the requirement not all of the above media means will be available; however, it is the intention of the CPA Contracting Activity to seek full and open competition when and where it can be achieved.

In addition, CPA Contracting Activity (CA) will maintain a vendor base of Iraqi and outside contractors that have been identified as potential sources of goods and services. It is our intent to insure they are notified of ongoing contracting efforts in their respective areas by all means available to us.

The contracting activity has established a general account [REDACTED] that anyone may ask for assistance, queries, and questions. Also, this account could be used to receive electronic responses to any ongoing procurement actions being conducted by the Contracting Activity. All ministries have similar accounts that could be used to receive the information.

UNCLASSIFIED

UNCLASSIFIED

COORDINATION:
Chief of Staff
Strategic Communications
Regional Operations
Forum POCs
Business Center

UNCLASSIFIED

July 17, 2003

**State comments: CPA Contract and Grant Procedures
Applicable to Vested and Seized Iraqi Property and the
Development Fund for Iraq**

The following are State comments* on a package of CPA regulations/policies on contracting, including the following:

1. "Coalition Provisional Authority Memorandum Number xx Contract and Grant Procedures Applicable to Vested and Seized Iraqi Property and Development Fund for Iraq" (hereinafter, the Memorandum)
2. Appendix A: " Contract and Grant Procedures Applicable to Vested and Seized Iraqi Property and Development Fund for Iraq: Contract File Requirements"
3. Appendix B: " Contract and Grant Procedures Applicable to Vested and Seized Iraqi Property and Development Fund for Iraq: Standard Terms and Conditions for Solicitations and Contracts in Excess of \$2,500"
4. Appendix C: " Contract and Grant Procedures Applicable to Vested and Seized Iraqi Property and Development Fund for Iraq: Guidance for Issuing Grants"
5. Appendix D: "Contract and Grant Procedures Applicable to Vested and Seized Iraqi Property and Development Fund for Iraq: Contract Considerations FAQ"

I. General comments

1. State believes the procurement rules should be at least as rigorous as the model international procurement standards developed by the World Bank (available on the World Bank website.) The pending creation of the International Advisory and Monitoring Board, which will have responsibilities regarding the Development Fund for Iraq, reflects the involvement of the international community, including certain IFIs, in the operations of the DFI. Since the attention of the international community will continue to focus on the Development Fund for Iraq, international procurement standards provide a useful benchmark.

*These are preliminary comments; additional comments may be forthcoming.

2. State notes that the procedures and rules set forth in this proposal are consistent with Federal Acquisition Regulations rules and procedures.

3. State further notes that an unlimited number of contracting officers can be appointed and are apparently free to purchase or give grants as they see fit. Although section 5 provides for "technical supervision" and "administrative oversight," it is not clear whether there would be a central authority or reviewer making sure that there is no duplication of efforts or, more importantly, assuring that each activity will spend only its own funds.

Also, there seems to be no mechanism for appeal or review of an adverse decision occurring before or instead of the contract being awarded that isn't a contract dispute -- i.e., not getting the grant or contract; not being considered an "Iraqi-based" vendor or grant applicant. We are not/not suggesting we use the elaborate USG versions, but there ought to be some simple, fast method for people who feel they have been treated unfairly to get a second look at the facts. Anything involving money is an area where people will pay attention, and people include press and other public audiences who have been promised "transparent" financial transactions. Maybe a new section along these lines:

"Anyone who believes that he or she has been treated unfairly under these regulations or not in accordance with them may send a complaint to (Head of Contracting Activity/the CPA Administrator/Iraq Governing Council), which may examine the complaint and make recommendations to the Contracting Officer involved."

FIXED
BY
PROTEST
CLAUSE

4. State is also concerned about the need for strong anti-corruption protections in contracting, including contracting through Iraqi ministries, and questions whether those ministries should procure through their existing procedures, as provided in section 2.

FIXED.

II. Specific comments

1. Memorandum:

- Section 1, first sentence (and elsewhere in the text): Calling them "CPA funds" could have a negative connotation, as these funds are to be used to meet the needs of the Iraqi people. Perhaps a more neutral short-hand term could be used to characterize the funds?
- Section 1, last sentence: change to "...under international law, including Resolution 1483."
- Section 3(5): suggest instead "... (a) Iraqi state-owned property that has been vested or seized in accordance with the laws and usages of war and made available ..."

? NON-AP.

FIXED.

FIXED.

- Section 4, paragraph 1: the last sentence needs a grammatical fix. *done*
- Section 6, paragraph 2, "Preference for Iraqi Vendors." This clause should be eliminated, or redrafted and better defined; it presents significant risks for fraud or political conflict. It fails to define an Iraqi-based vendor, creating an opening for potential straw-man transactions, e.g., a Fijian construction firm uses a storefront operation to claim to be an Iraqi-based vendor. This scenario poses two potential problems. An "Iraqi-based" foreign company is not more likely to create value and disseminate know-how in Iraq than a legitimate foreign company that uses local resources to execute a contract; the reverse may well be more likely. Second, this could create tension within the international community if an international firm, for instance, argues that it was excluded in favor of a fraudulent "Iraqi-based" firm. CPA could find itself in the unenviable position of referee.

Suggest that "Iraqi vendors" be carefully defined to include only those to whom it is desired to extend a preference. One suggestion:

"Iraqi vendors" are

- (a) Iraqi nationals or
- (b) entities that

- 1) are at least 51% owned and effectively controlled by Iraqi nationals; and
- 2) establish their ownership and effective control to the satisfaction of the Contracting Officer.

- Section 7 Paragraph 2(c): The provision for advertising of bid opportunities in excess of \$10,000 "when appropriate" is problematic. Establishing a firm rule would create greater predictability both for the contract authority and for would-be suppliers. *FIXED*
- Section 7 Paragraph 3(a): "All large purchase contract opportunities will be posted and advertised to the maximum extent possible." This lacks the specificity common to *FIXED*

international tender standards. For instance, World Bank guidelines (the International Competitive Bidding standard), in paragraph 2.7, provide quite specific guidelines on periodicals to be used, timeliness, etc. While it may not be sensible for CPA to mimic the international standard, it is useful to commit to a fixed procedure that provides transparency and timeliness, which are useful as a discipline for contracting officers and a reassurance to the international community and Iraqis.

- Section 7 Paragraph 3(c): "Acquisitions will generally be made through a negotiation process." The basis for this statement is not clear. Price (or lowest evaluated cost, by World Bank guidelines) ought to be the primary factor when purchasing goods that have the character of commodities. For instance, a purchase of portable generators might well be large, but could be reduced to a set of specifications that make price the primary criteria for contract award. On the other hand, an RFP for consulting services or accounting services generally would seem to require heavier weighting for a firm's expertise and demonstrated ability to execute complex services. Would it be appropriate to differentiate between different types of large purchases?
- Section 9: What about cooperative agreements, in addition to contracts or grants? Also, with respect to grants, should there be a preference for Iraqi nationals, as in contracting?
- Section 10: It would seem that these issues could be appropriately addressed in a separate instrument. To the extent retained here, the requirement that Ministry contracting actions are subject to the contracting provisions of the Ministry or Iraqi law suggests that CPA has reviewed Iraqi law on this point and found that it approximates international standards. If Iraqi law does not approximate international standards, we should anticipate complaints from the international community on this point.

NO —
KOs
DISCUSSION

DO
TWEAK
LAW
IF NECESSARY

FIXING

2. Appendix B, paragraph 14: Disputes: This provision reserves final decision on any dispute to the Head of Contracting Authority, CPA. The World Bank guidelines recommend recourse to international commercial arbitration. Such a provision could be useful where the contracts are large and the vendor's investment is significant. Permitting access to arbitration would provide a greater comfort level to vendors and could well increase the range of suppliers bidding on major CPA procurements. X

3. **Other issues:** A number of issues addressed in the International Competitive Bidding template appear not to be covered by the CPA contracting documents. While it may be CPA's intention to address these issues in further iterations, it is worth at least mentioning some of these issues: pre-qualification, currency of offer, bid/performance security/bonding, manner of assessing or weighting criteria of bid evaluation (which likely would differ for different types of contracts), pricing (with respect to transportation requirements), and price adjustments. — Done

We offer the following comments on the Draft "Contract and Draft Procedures Applicable to Vested and Seized Iraqi Property And Development Fund for Iraq" Memorandum.

Section 6.1.a: We seek a reference here that all tenders be advertised on the CPA website. The following line "When executing contracts without competition" implies a general acceptance of no-competition in ordinary circumstances. This is fine for 'micropurchases', but for 'small' and 'large' purchases we would like to see this sentence either deleted or strengthened. We suggest: "In exceptional circumstances only, small contracts may be executed without competition, subject to a written justification and written approval by (Bremer/Bremer's Chief of Staff/Comptroller?). However, 'large' contracts MUST be subject to competition at all times".

FIXED.

Section 6.2: the last line, we would like the words "where appropriate" to be inserted at the end of the sentence, as undoubtedly there will be situations where it is not possible or appropriate to include local Iraqis.

Done

Section 7.2: we would like "one-off" to be inserted in the first sentence after "competitive offers for..." to avoid a situation where one company is given many small contracts to avoid the rigours of a large-scale contract process.

7, NO

5. Section 7.3.d: We would like to see this para deleted, or at the very least, significantly strengthened as outlined in para 2 above.

NO

6. Section 10: We would hope that the role of the CPA Comptroller would be to provide final approval for decisions that were already well-assessed. This may assist the development of trust and confidence between the CPA and people of Iraq at least until/unless proven that this is not a workable approach

Done

UK comments on 2nd draft of CPA Contract and Grant Procedures

The UK would like to thank those involved in producing the revised draft. We are grateful that a number of our points have been taken on board.

There are a few outstanding issues which we would be happy to discuss:

1. The most important issue remaining to be clarified is that international competition should be mandatory for all large contracts (except in exceptional circumstances, as defined). We would be grateful if this could be clarified in Section 6 (1a), Section 7 (3a) and Appendix A, page 2, 2nd bullpoint. NO
2. We are concerned at the proposal to give preference to Iraqi-based vendors. As currently set out, this could give preference to foreign firms who simply have offices in Iraq. We are sure this was not the intention. We suggest re-working this section to be clear that indigenous Iraqi firms (those owned and managed by Iraqis) will be given first opportunity to bid for micro and small purchases, such that these contracts will only be offered to international firms if there is no Iraqi firm able to meet the requirement. For large purchases, international competition should be mandatory (as above), but the amount of Iraqi participation in contracts should be used as an evaluation criteria (as the draft suggests). If price preferences are to be applied, it is vital for the purposes of transparency that the way they will be implemented is clearly spelt out in this document (what % etc...). FIX
3. We note that the PRB is given authority to amend annexes. Are we right to assume that the PRB can also propose changes to the memorandum itself to the Administrator? Does this need stating? NO
4. Could we add to Section 3 a definition of the PRB (with membership listed in an annex), and could the document state the role of the PRB in the process? ie at which stage in the programme formulation cycle should programmes be put before the PRB? This should, wherever possible, be before the contracting process has started. FIXED IN PARAGRAPH
5. There appears still to be nothing stating which law will govern contracts – we suggest this be agreed on a contract by contract basis. US.
6. We are concerned that the sections covering grants may require further work. For example, most development agencies use grants for non-profit making entities, and contracts for commercial enterprises. There are different processes to ensure value for money in the case of grants. But grants still require monitoring in the same way that contracts do – particularly for large amounts. May we suggest that the references to grants be removed from this document (in order not to delay its finalisation) and that a separate short memo be prepared covering grants. We would be happy to provide input for such a paper. FIXED.
7. Could Section 2(3) refer to 'Interim Ministers (once appointed) and Interim Ministry Officials...'? ?
8. Could Section 5 have an additional sentence making clear that the Head of Contracting Authority is accountable for all contracting decisions? NO

9. We suggest Section 7 (3c) should include a sentence to the effect that evaluation criteria shall be published alongside Requests for Proposals – this is important for reasons of transparency.

FIXED

[REDACTED]
17 July 2003

Tel: [REDACTED]

July 15, 2003

Deleted: July 11, 2003

Dear Colonel [REDACTED]

Allocation of Contracting Responsibilities

(b)(5)



Ambassador

Copies to:

[REDACTED]
CPA Senior Advisors – all Ministries

| July 15, 2003

Deleted:

Dear Colonel (b)(6)

Allocation of Contracting Responsibilities

(b)(5)



Ambassador

Copies to:

(b)(6)

CPA Senior Advisors – all Ministries

Allocation of Contracting Responsibilities

This is to discuss procedures for Coalition officials and Iraqi ministries entering into expenditure contracts.

It is important to maintain the established fiduciary responsibilities for contracts entered into by Coalition officials, and Captain [REDACTED] has the responsibility for contracting actions for these transactions. This will ensure that Coalition contracts are entered into in a manner that is transparent and open to competition. His authority includes, for example, funding decisions made by the Program Review Board and contracts signed by members of the Coalition.

Contracts, however, that are executed by Iraqi Ministries, from the funding allocated to them through the Budget process established by the Coalition Administrator, must necessarily be exempt from that responsibility and oversight, irrespective of the source of funds used for that expenditure. The Iraqi Ministries and Authorities are using their own established procedures and guidelines to award and execute contracts.

However, it is incumbent upon the Coalition to provide the Iraqi's the best advice and counsel toward efficient and effective contracting. Therefore, the CPA Finance Senior Advisor is directed to do the following:

Arrange for International Monetary Fund and United Nations representatives to audit the processes of the Supreme Board of Audit and the equivalent Kurd organizations.

Arrange for the CPA contracting officer to consult with the Iraqi Finance Ministry Accounts Officer and the senior financial officers of the three Ministries who are expected to conduct most of the Iraqi contracting activity during 2003.

Seek a sum of no more than \$40,000 from the Program Review Board to hire Arabic-speaking contract specialists who can assist Colonel Bell in reviewing a number of Iraqi contracting actions over the next few months.

//Ambassador Kennedy//

Copy to:

Colonel [REDACTED]
Colonel [REDACTED]

1316

CPA Senior Advisors – all Ministries

(b)(6) MAJ

From: (b)(6) (O-6)
Sent: Saturday, July 12, 2003 2:05 PM
To: MAJ
Subject: RE: Comments on Contracting Procedures

(b)(6)

Had a discussion with Amb Kennedy this am. Discussing recommendations concerning the limits that can be contracted out by the Ministries contracting activities until there has been a complete review, verification and certification of their process and procedures to include financial controls. The limits were \$1M and \$5M for Commercial off the shelf supplies. They will still need to seek competition.

Suggestion reference to Army Contracting Agency be removed as my duty is to CPA and were I come from is immaterial. Unless you wish to discuss were the delegation comes from then it would be from Asst Sec of the Army.

S (b)(6)

(b)(6)

COL, AC
 Head of Contracting Activity-
 Coalition Provisional Authority

-----Original Message-----

From: (b)(6) MAJ
Sent: Saturday, July 12, 2003 12:33 PM
To: (b)(6) (O-6)
Subject: FW: Comments on Contracting Procedures

Comments on the Contracting Procedures are attached. These are the first ones I have received. LTC (b)(6) has arrived. He will have the lead on revising the procedures going forward.

Regards,

(b)(6)

-----Original Message-----

From: (b)(6)
Sent: Saturday, July 12, 2003 12:13 PM
To: (b)(6) MAJ
Subject: RE: Comments on Contracting Procedures

(b)(6)

Sorry for delay in getting this to you. Please see attached – happy to discuss.

(b)(6)

DFID Baghdad Team Co-ordinator

-----Original Message-----

From: (b)(6)
Sent: 09 July 2003 14:41
To: (b)(6) (CIV)
Subject: Comments on Contracting Procedures

7/12/2003

Mr. [REDACTED]

I am writing to ask if you have had a chance to collect the comments you have on the Contracting Procedures. I am interested in receiving your input quickly to help shape the next draft of the procedures. There remains a significant amount of work to be done on them and I appreciate your obviously careful review.

Best regards,

[REDACTED]

7/12/2003

COALITION PROVISIONAL AUTHORITY MEMORANDUM NUMBER __

**CONTRACT AND GRANT PROCEDURES
APPLICABLE TO VESTED AND SEIZED IRAQI PROPERTY AND
DEVELOPMENT FUND FOR IRAQ**

(b)(5)



**CPA/MEM/X July 2003/0_
DRAFT 9 July 2003**

Section 2
Applicability

(b)(5)



CPA/MEM/X July 2003/0_
DRAFT 9 July 2003

2

(b)(5)



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CPA/MEM/X July 2003/0_
DRAFT 9 July 2003

5



(b)(5)



(b)(5)



(b)(5)



CPA/MEM/X July 2003/0_
DRAFT 9 July 2003

(b)(5)



This Memorandum shall enter into force on the date of signature.

CPA/MEM/X July 2003/0_
DRAFT 9 July 2003

L. Paul Bremer, Administrator
Coalition Provisional Authority

**CONTRACT AND GRANT PROCEDURES
APPLICABLE TO VESTED AND SEIZED IRAQI PROPERTY AND
DEVELOPMENT FUND FOR IRAQ**

Contract File Requirements

APPENDIX A

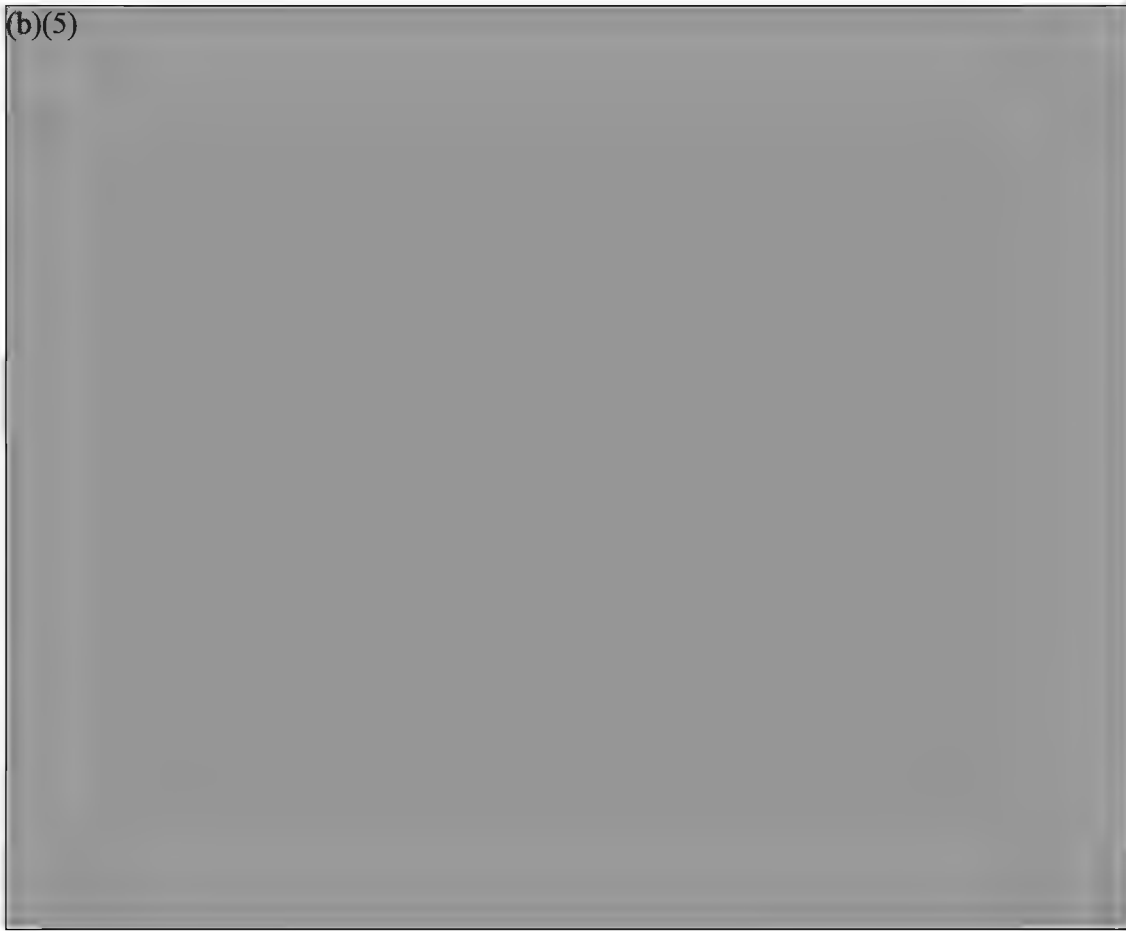
(b)(5)



(b)(5)



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**CONTRACT AND GRANT PROCEDURES
APPLICABLE TO VESTED AND SEIZED IRAQI PROPERTY AND
DEVELOPMENT FUND FOR IRAQ**

(b)(5)



(b)(5)



**CONTRACT AND GRANT PROCEDURES
APPLICABLE TO VESTED AND SEIZED IRAQI PROPERTY AND
DEVELOPMENT FUND FOR IRAQ**

**Guidance for Issuing Grants
APPENDIX C**

(b)(5)



(b)(5)



(b)(5)



**CONTRACT AND GRANT PROCEDURES
APPLICABLE TO VESTED AND SEIZED IRAQI PROPERTY AND
DEVELOPMENT FUND FOR IRAQ**

Contract Considerations FAQ

APPENDIX D

(b)(5)



(b)(5)



