Support to State Audit Office of Viet Nam to improve the accountability, transparency and oversight of public financial management activities

Guidelines for the Call for Expressions of Interest

Budget line: BGUE-B2013-19.100101-C1-DEVCO

Deadline for the submission of expressions of interest:

15.07.2015
1. BACKGROUND INFORMATION

1.1 Beneficiary country
The Socialist Republic of Vietnam

1.2 Contracting Authority
The project is co-financed by the European Union and the Swiss State Secretariat for Economic Affairs (SECO).
The EU Delegation to the Socialist Republic of Vietnam will be the Contracting Authority.

1.3 Relevant Country Background
Vietnam has been on a sustained path of economic reform since the launch of its Doi Moi (renovation) process, in 1986. During this time, Vietnam has witnessed a number of remarkable socio-economic achievements. It has been one of the best-performing economies over the last decade, and Vietnam’s economic transformation and rapid economic growth have been accompanied by a remarkable reduction in poverty.

Nevertheless Vietnam faces significant governance challenges as it strives to generate continued sustained growth, further reduce poverty and promote social equity in an increasingly integrated and competitive global economy.

Recognising key weaknesses in the country’s financial management and accountability arrangements, systems and controls, the Government has been gradually improving public financial management and oversight in recent years in spite of the difficult policy environment caused by the global economic downturn.

Steady progress has been made in enhancing the legislative framework to support PFM reforms, including the drafting, adoption and entry into force of both primary and secondary legislation.

The organisational structure of various relevant ministries has been upgraded with support from donor-financed technical assistance projects, and Vietnam continues to invest time and resources into the improvement of public sector human resources at all levels.

The Government remains committed to enhancing public finance management and oversight in the country in the coming years. Indeed, the 2011-2015 Socio-Economic Development Plan (SEDP) stipulates that improvement of the “efficiency of utilizing public financial resources, implementation of transparent fiscal policies and preserving national financial security” is to be considered as a priority.

1.4 Current State of Affairs in the State Audit of Vietnam
The State Audit Office of Vietnam (SAV) is the country’s Supreme Audit Institution (SAI). SAV is a relatively young organization, first established in 1994 as a Government Agency under the Prime Minister. It became an institutionally independent agency reporting to the National Assembly through enactment of the State Audit Law, from 1 January 2006.

The State Audit Law enhanced the status of SAV, providing a clearer legal basis for SAV operations including the validity of audit reports, responsibilities to send and provide such
reports, and the public disclosure of audit results. The revised Constitution of 2013 now recognises SAV as an independent entity.

After seven years of implementation of the State Audit Law, audit work has been enhanced both in terms of audit scale and audit quality, and SAV’s conclusions and recommendations are now implemented more effectively. The results of SAV’s work are increasingly used in management, execution, oversight, approval and decision of financial and budget issues and in improving policies and laws. Despite the considerable progress made by SAV, however, further modernisation is needed in order to ensure that SAV perform legislative oversight of the state budget in full accordance with its mandate. In particular, SAV is currently unable to fulfil its mandate in terms of audit coverage; the quality of audit work does not meet the necessary standards; and the implementation of audit results and conclusions remains limited.

In April 2010 the National Assembly’s Standing Committee approved a Strategy prepared by SAV which sought to deal with these issues over the period 2010 to 2020. The strategy contained the following key pillars for the development of SAV namely:

(i) Develop the legal framework
(ii) Organizational Structure and Human Resource Development
(iii) Strategic Planning, Audit Methodologies, Management of Audit Activities
(iv) Application of Information Technology in audit work
(v) External Relations and Communications.

In December 2010 the Auditor General approved a Development Action Plan (DAP) that identified the objectives, activities, priorities and resources needed to achieve the Strategy. The DAP specifies the desired outputs, priorities, timescale and activities for the five years to 2015 and an indication of what will need to be done in the period 2016-2020. The main elements of the plan are as follows:

(i) Development and completion of Legal Framework

To provide complete, compatible and comprehensive regulations governing the legal status, organization and mandate of SAV including where necessary and appropriate, changes to the Constitution, the State Audit Law, and other relevant laws and legal normative documents. In addition, make legal provision for the improvement of the system of SAV standards, audit procedures and records and develop regulations on coordination with other relevant Ministries and agencies in order to improve performance effectiveness.

(ii) Development of the Organizational Structure and Management of Human Resources

To develop an organization structure suited to meet SAV’s operational needs. To develop and provide sufficient professional SAV personnel organized appropriately to meet SAV’s needs and, to focus on the provision of practical training skills for auditors and to promote the application of information technology in human resource management.

(iii) Augmentation of audit quality through the introduction of strategic audit planning, the modernization of audit methodology, and the efficient management of audit activities

To provide comprehensive strengthening of audit outputs in terms of capacity, efficiency and audit coverage. To enhance planning capacity within SAV in developing annual and medium term audit strategies, so as to ensure planning is an effective management tool, and to enhance
and to apply audit methods and skills. To provide training in specialized audit work, where appropriate and, improve the application of state audit standards and quality supervision.

(iv) **Development and Enhancement of the use of Information Technology in audit work**

To develop and improve technical infrastructure on a secured and effective network environment and develop IT applications in support of audit and management work. Improve the qualifications and capabilities of SAV employees and apply information technology to improve the performance efficiency and productivity of the SAV.

(v) **Development and Improvement of External Relations and Communications**

Enhance the effectiveness of coordination and partnership, to promote improved communications and cooperative relations with external organizations in order to enhance audit capacity, effectiveness and performance.

In 2011, an independent assessment of the DAP and the reform priorities of SAV was jointly commissioned by DFID and SECO. The team carried out their assessment of the five pillars of the DAP, analysing how SAV currently performs against international standards and good practice, notably, those standards set out by INTOSAI. The assessors concluded that the DAP represented a relevant and credible roadmap which, although challenging, could be achieved with appropriate and sustained financial and technical support from development partners as well as strong leadership and commitment within SAV itself.

In November 2013, SAV further clarified its aims and objectives over the medium-term, with the finalisation of a prioritised Development Strategy for the period 2013-2017.

1.5 **Related programmes and other development partner activities**

Since its foundation, SAV has received bilateral support from a number of development partners. However, most of this support was provided before the promulgation of the strategy and DAP, and as a result the various activities tended to be fragmented and overlapping. One of the specific aims of developing the SAV Strategy to 2020 and the implementing DAP were was to provide an opportunity for SAV to engage with the development partners in a more strategic and coordinated manner and ensure that any future assistance would be focused on the priority areas identified by SAV.

The Canadian Embassy is providing support through an “international legislative audit assistance programme”, implemented by CCAF, which primarily provides work placements for a number of SAV staff in Canadian Audit Offices. The specific aim of CCAF’s programme, which will run through to 2017, is to develop a core group of specialists in performance audit. USAID also supports SAV through its "Governance for Inclusive Growth" Programme. ADB is currently considering SAV as potential candidate for one of the four implementing agencies in the regional capacity development technical assistance (R-CDTA) project aiming to enhance the roles of Supreme Audit Institutions in Selected ASEAN Countries.

The project framework has been jointly developed by the EU and SECO, and in consultation with other active donors, in order to avoid potential overlapping and duplication. Nonetheless, it is crucial that during implementation, synchronisation with other donors is to take place on a regular basis through ad-hoc meetings and consultations. In this respect, the SAV-donor coordination group will play an important role.
2. OBJECTIVE, PURPOSE AND EXPECTED RESULTS

2.1 Overall Objective
The overall objective is to contribute to the improved accountability, transparency and oversight of public financial management and public service delivery in Viet Nam by building the organisational and operational capacity of the State Audit Office to provide an independent opinion on financial management issues across the public sector and to present the National Assembly with the quality information it needs to undertake an appropriate oversight function.

2.2 Specific Objective
More specifically, the project purpose will be to provide peer-to-peer support to SAV (as requested by the Auditor General) in the implementation of specific pillars of the DAP. In doing so, the project will aim to provide SAV with the skills and practical experience necessary to develop its human resources and audit capacity in line with INTOSAI standards.

In order to achieve the objective outlined above, the project will focus its support on two specific pillars of the DAP, namely:

(i) Develop the SAV Organisational Structure and Management of Human Resources (Outcome Pillar 1: SAV’s Organisational Structure and Management of Human Resources is enhanced in accordance with SAV’s Development Action Plan);

(ii) Enhance Strategic Audit Planning, Modernisation of Audit methods and Management of Audit Activities (Outcome pillar 2: Capacities to undertake mandated tasks and activities in the area of strategic audit planning, financial audit and performance audit are line with INTOSAI standards and international good practice in accordance with SAV’s Development Action Plan);

While the project will primarily focus on the two pillars identified above, it is expected that some of the proposed activities under this project will be cross-cutting in nature and therefore have an indirect impact on the remaining three pillars of the DAP.

A comprehensive description of the project and its thematic priorities is provided in Annex I to these guidelines.

3. MODALITY
The EU, in partnership with SECO, has decided to implement the project through the EU Delegation to Viet Nam, and on the basis of a "grant" contract to be concluded between the EU and a single EU public organization, or an unique consortia of EU public organizations who is able to mobilize experts from one or more EU Supreme Audit Institutions. A direct award of the grant is justified on the basis of Article 168.1 (f) of the Implementing Rules of the Financial Regulation, which relates to "actions with specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation or its administrative power, on condition that the actions concerned do not fall within the scope of a call for proposals".

The project is regulated under the Development and Cooperation (DCI Regulation No. 1905/2066), the overarching objective of which is "the eradication of poverty in partner countries and regions in the context of sustainable development". It forms part of the broader "EU Public
4. FINANCIAL ALLOCATION PROVIDED BY THE CONTRACTING AUTHORITY AND DURATION OF THE ACTION

The Action will be implemented through one single operational grant contract directly awarded by the European Union to a single EU public organization or an unique consortia as mentioned in Article 3 of this Guideline. The grant awarded must indicatively fall between the following minimum and maximum amounts:

- Minimum amount: EUR 3,600,000
- Maximum amount: EUR 3,900,000

The grant will be 100% financed by the EU and SECO. No financial or in-kind contribution by the lead applicant or its partners will be required.

The State Audit Office of Viet Nam contributes to the Financing Agreement an in-kind contribution (outside the grant). The description of the in-kind contribution of the SAV is provided under Section 6.2.

The planned operational duration of the action is 50 months.

5. ELIGIBILITY CRITERIA

5.1 ELIGIBILITY CRITERIA FOR THE LEAD APPLICANT

The Lead applicant will become the beneficiary identified as the coordinator in the special conditions of the grant contract. The lead applicant coordinates the design and implementation of the project and is the main interlocutor with the contracting authority. It also represents and acts on behalf of any other co-beneficiary (if any).

In order to be eligible for the grant, the lead applicant must:

- A public organization or consortia of public organizations established in an EU Member State;
- be able to mobilize experts from one or more EU Member State's Supreme Audit Institutions;
- be able to demonstrate experience and capacity (including to deploy the necessary long- and short-term human resources in Viet Nam) to manage activities corresponding in scale and complexity for which the grant is made available;
- act with partners / co-applicants (if any); and
- be directly responsible for the preparation and management of the action (with other co-applicants, if any), not acting as intermediary.

1 Subject to the availability of funding. The exact funding amount will be known at the time of the award of the grant.
Provided that it is led by an EU Supreme Audit Institution, the partnership may include:

- Supreme Audit Institutions for Regional Public Sector External audit bodies form EU member states
- Supreme Audit Institutions from non-EU European States
- Supreme audit institution from Asia

Potential applicants may not participate in the award procedure or be awarded the grant if they are in any of the situations which are listed in Section 2.3.3 of the 2014 Practical Guide to contract procedures for EU external actions (available from the following internet address: http://ec.europa.eu/europeaid/prag/document.do).

In the Grant Application Form (ref. to Section 7) lead applicants and co-applicants will be required to declare that they do not fall into any of these situations.

5.2 ELIGIBILITY CRITERIA OF CO-APPLICANTS

Co-applicant(s), if any, may participate in designing and implementing the project, and the costs they incur are eligible in the same way as those incurred by the lead applicant. In order to be eligible, each co-applicant must be:

- Either:
  - a Supreme Audit Institution from an EU Member State or from DCI eligible state;
  - or be a regional public sector audit institution from an EU Member State;
- be able to demonstrate experience and capacity (including to deploy the necessary human resources in Viet Nam) to manage activities corresponding in scale and complexity for which the grant is made available;
- act with partners / co-applicants (if any).

Any partnership should be composed in such a way as to allow for the achievement of the action's objectives and expected results in the most effective manner. The single applicant or partnership as a whole must be able to deploy the necessary long-term and short-term human resources in Viet Nam.

Between them, the applicants must be able to reflect policies and operational practices consistent with the International Organisation of Supreme Audit Institutions (INTOSAI) standards for external government auditing. Demonstrated knowledge of the country and South East Asian regional context is highly desirable.

Each member of a partnership will have a clearly identified role. However, the internal arrangements for the Partnership should allow for the maximum flexibility in project implementation.

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2 These rules are spelled out in the Common Implementing Regulation (CIR), Title III, articles 8 to 11, governing the implementation of external action financed from the EU general budget.
Under the overall direction of the lead applicant, the partnership members will be responsible for the design and implementation of the action and the costs they incur will be equally eligible.

The European Union will conclude the grant contract with the lead member of the partnership only. This is of no prejudice to the obligation of all members to actively contribute to the implementation of the action.

The lead applicant and co-applicants will be required to draw up a written agreement defining the technical responsibilities and the financial rights and obligations of each member. At the stage of the submission of the Grant Application Form, each member will be required to sign and date an individual "Partnership Statement".

After the signature of the grant contract, the single applicant or partnership of lead and co-applicants shall be referred to as the "grant beneficiary".

Cooperation with SAV

The "grant beneficiary" will implement the action in close cooperation with the project counterparts and relevant stakeholders within SAV. An overall approach which also emphasises active collaboration between SAV and the grant beneficiary, through peer-to-peer cooperation, rather than a traditional donor-beneficiary relationship is seen by SAV as a crucial success factor for this action. As such, the expected project management structure for this project will have three components:

- A Project Steering Committee will be set up to oversee and validate the overall strategic direction of the project. The PSC will be chaired by the Auditor General of SAV and include Heads of relevant SAV Departments and implementing units, representatives of grant beneficiary, as well as representatives of the EU Delegation to Viet Nam and SECO in Viet Nam.

- At the Operational Level, a joint-project "Taskforce" will be established, which will consist of long-term experts from the EU Member States; SAIs mobilized by the grant beneficiary and senior level counterparts from SAV, appointed by the Auditor General. The Taskforce will be responsible for the elaboration of joint work-plans, allocation of resources and the subsequently the leadership and coordination of project activities.

- Administrative and logistical support will be provided to the Taskforce through the establishment of a Project Office (PO). The project office will be established within SAV HQ in Ha Noi, with office space being provided by SAV. The Project office will house the international experts and administrative support staff (recruited by the "grant beneficiary"), with the operational and running costs of the Project Office considered as eligible costs under the grant.

5.3 VERIFICATION OF ELIGIBILITY (PADOR)

The verification of eligibility is assessed according to the criteria outlined above, and will be done by the EU Delegation through the Potential Applicant Data On-Line Registration (PADOR), which is the on-line database in which entities register themselves, obtain an identification number (EuropeAid ID) and regularly update their data.

The detailed provisions for the use of PADOR can be consulted at:
Please note that registration on PADOR is obligatory for the applicant and all partners. Associates (see Section 5.4) do not need to register on PADOR.

For entities that are already registered on PADOR, please ensure that the information uploaded in PADOR is up-to-date.

5.4 INVOLVEMENT OF OUTSIDE ORGANISATIONS

The following can be involved in the implementation of the action (PRAG 6.1.2). They do not have to sign the "Partnership Statement" and are not required to comply with the eligibility criteria set out for the leader and members. Nevertheless, they will operate under the terms of reference agreed with the lead applicant and (if applicable) co-applicants.

Affiliated entities (if any)

Affiliated entities are neither beneficiaries of the action nor parties to the contract. However, they participate in the design and in the implementation of the action and the costs they incur (including those incurred for implementation contracts and financial support to third parties) may be eligible, provided they comply with all the relevant rules already applicable to the beneficiaries under the grant contract. Affiliated entities must satisfy the same eligibility criteria as the co-applicant(s). Only entities having a structural link with the applicants, in particular a legal or capital link, may be considered as affiliated entities.

Associates (if any)

Other organisations may be involved in the action. Such associates may play a real role in the action, but may not receive funding from the grant with the exception of per diem or travel costs. Associates do not have to meet the eligibility criteria referred to in Sections 5.1 and 5.2 (above). The associates have to be mentioned in the Grant Application Form and they must sign "association declarations".

Contractors (if any)

The grant beneficiary has the possibility to award contracts. Contracts are neither co-applicants nor associates, and are subject to the rules set out in Annex IV to the standard grant contract.

6. ELIGIBLE COSTS

6.1 ELIGIBLE COSTS THAT CAN BE COVERED BY THE GRANT

The eligible costs that can be covered by the grant are listed hereunder:

- The cost of international staff and local support staff assigned to the action, corresponding to actual salaries plus social security charges and other remuneration related costs. Salaries and costs must not exceed those normally borne by the "grant beneficiary" unless it is justified by showing that it is essential to carry out the action. Salaries and costs of locally recruited support staff should be consistent with "UN-EU Cost Norms" (2015)\(^3\) and its subsequent revisions;

\(^3\) UN-EU Cost Norms: "UN-EU Guidelines for Financing of Local Costs in Development Cooperation with Viet Nam: Version 2015"
• Travel and subsistence costs for staff and other persons taking part in the action, provided that they do not exceed those normally borne by the "grant beneficiary". Any flat-rate reimbursement of the subsistence costs must not exceed the rates published by the European Commission at the time of signing the contract (available at http://europa.eu.int/comm/europeaid/perdiem/index_en.htm) and where applicable the UN-EU Cost Norms (2015) and its subsequent revisions;

• Purchase or rental costs for equipment and (used or new) supplies specifically for the purpose of the action\(^4\), and the costs of services, provided that they correspond to the market rate\(^5\);

• The costs of consumables;

• Contracting expenditures;

• Costs arising directly from the award of the contract (e.g. activities associated with the implementation of the visibility strategy, dissemination of information, interpretation, translation, printing, insurance, etc.) including financial service costs (in particular the costs of transfers and financial guarantees);

• Contingency reserve not exceeding 5% of the estimated direct eligible costs (including taxes)\(^6\);

• Eligible indirect costs (overheads) incurred in carrying out the action may be eligible for flat-rate funding, fixed at not more than max 7% of the estimated total eligible direct costs (excluding taxes)\(^7\);

• If the applicant is in receipt of an operating grant financed by the EU, no indirect costs may be claimed within the proposed budget of the action;

• Costs relating to expenditure verification.

Operating and operational budgeting is to be made in accordance with the EU-UN cost norms 2015.

Ineligible costs

The following costs are not eligible:

• Debts and debt service charges;

• Provisions for losses or potential future liabilities;

• Interest owed;

• Costs declared by the "grant beneficiary" and covered by another action or work programme;

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\(^4\) A provision, not exceeding EUR 200,000, for the procurement of a limited quantity of IT software to allow the implementation of computer-based audit management tools and HR management tools is to be foreseen within the project budget

\(^5\) See EU-UN Cost Norms 2015

\(^6\) To be used with the prior written authorisation of the Contracting Authority

\(^7\) Indirect costs are eligible provided that they do not include costs assigned to another heading of the budget of the standard grant contract.
• Currency exchange losses;
• Credit to third parties;
• Taxes, including VAT.

6.2 COSTS WHICH MAY NOT BE COVERED BY THE GRANT AS THEY ARE COVERED BY THE STATE OFFICE OF VIET NAM AS IN-KIND CONTRIBUTION (OUTSIDE THE GRANT)

According to the provisions of the Financing Agreement, the Vietnamese contribution will cover the following costs:

• Office accommodation of a reasonable standard, with access to the internet and telephone lines, is to be provided by SAV\(^8\);
• The salary and costs of Vietnamese officials from SAV (project counterparts) and other relevant government agencies participating in the project activities;
• The costs related to domestic transportation and allowances for all SAV officials and other relevant Vietnamese government officials participating in project events, including project meetings and training events, in Viet Nam;

7. EXPRESSION OF INTEREST

Questions may be sent in writing to the functional e-mail address of the EU Delegation to Vietnam (DELEGATION-VIETNAM-CALL-FOR-PROPOSALS@eeas.europa.eu) by 22\(^{nd}\) June 2015.

Relevant questions, and respective answers, will be distributed by 30\(^{th}\) June 2015.

The consortia will be required to submit their Expression of Interest by 15 July 2015, using the template for Expressions of interest provided in Annex II.

8. WAY FORWARD

Following the expression of interest, and if deemed appropriate, the Commission may call a meeting, for clarification purposes, with the applicants that have expressed an interest.

After this clarification meeting (if applicable), a new deadline will be set by the EU for the submission of a single proposal by the single applicant or the leader of the agreed partnership.

This single proposal should be submitted following the EU templates for Grant Application Form, including Budget, Logical Framework, Partnership agreements and Association Declarations (if any), available at:

http://ec.europa.eu/europeaid/work/procedures/implementation/grants/index_en.htm

Partnership Agreements and Associate declarations – duly signed – shall be enclosed. This proposal shall serve as the basis for the negotiation of a grant contract. The signature of the grant contact should then follow the standard procedure for signature of grant contracts.

\(^8\) Office running costs and supplies are eligible costs covered by the grant
## 9. INDICATIVE TIMELINE

<table>
<thead>
<tr>
<th>Activity</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dispatch guidelines for Call for Expression of Interest</td>
<td>02\textsuperscript{nd} June 2015</td>
</tr>
<tr>
<td>Submission of questions to EU Delegation</td>
<td>22\textsuperscript{nd} June 2015</td>
</tr>
<tr>
<td>Dispatch of answers to questions</td>
<td>30\textsuperscript{th} June 2015</td>
</tr>
<tr>
<td>Deadline for submission of EoI</td>
<td>15\textsuperscript{th} July 2015</td>
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<tr>
<td>Clarification meeting (if necessary)</td>
<td>To be confirmed</td>
</tr>
<tr>
<td>Dispatch of Grant Application Form</td>
<td>1\textsuperscript{st} August 2015</td>
</tr>
<tr>
<td>Deadline for the submission of Grant Application Form</td>
<td>15\textsuperscript{th} September 2015</td>
</tr>
<tr>
<td>Negotiation (if necessary)</td>
<td>To be confirmed</td>
</tr>
<tr>
<td>Contract Signature</td>
<td>October 2015</td>
</tr>
<tr>
<td>Start of Implementation</td>
<td>As soon as possible after the signature of contract</td>
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</tbody>
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Should the need arise the EU reserves the right to update the above indicative timetable, as necessary. In such cases, an updated timetable shall be notified via e-mail to the concerned entities and posted on the website of the EU Delegation's website:


We invite potential applicants to check the website regularly for updates.
ANNEX I

Indicative Project Description, as laid out in agreement with the
State Audit Office of Viet Nam

1. SCOPE OF THE WORK

1.1 Overall Objective

The overall objective of the project is to contribute to the improved accountability, transparency and oversight of public financial management and public service delivery in Viet Nam by building the organisational and operational capacity of the State Audit Office to provide an independent opinion on financial management issues across the public sector and to present the National Assembly with the quality information it needs to undertake an appropriate oversight function.

1.2 Specific Objective

More specifically, the project purpose will be to provide peer-to-peer support to SAV in the implementation of specific pillars of the Development Action Plan (DAP). In doing so, the project will aim to provide SAV with the skills and practical experience necessary to develop its human resources and audit capacity in line with INTOSAI (International Organisation of Supreme Audit Institutions) standards.

In order to achieve the objective outlined above, the project will focus its support on two specific pillars of the DAP, namely:

- (iii) Develop the SAV Organisational Structure and Management of Human Resources (Outcome Pillar 1: SAV’s Organisational Structure and Management of Human Resources is enhanced in accordance with SAV’s Development Action Plan);
- (iv) Enhance Strategic Audit Planning, Modernisation of Audit methods and Management of Audit Activities (Outcome pillar 2: Capacities to undertake mandated tasks and activities in the area of strategic audit planning, financial audit and performance audit are line with INTOSAI standards and international good practice in accordance with SAV’s Development Action Plan);

While the project will primarily focus on the two pillars identified above, it is expected that some of the proposed activities under this project will be cross-cutting in nature and therefore have an indirect impact on the remaining three pillars of the DAP.

1.3 Results to be achieved

Outcome Pillar 1: Strengthened organization with well trained and managed human resources

Expected results:
- A revised organisation structure for SAV in place which is fit for purpose and consistent with achieving the SAV mandate efficiently and effectively;
The formulation and implementation of human resource strategies, plans and procedures that are aligned with SAV’s overall strategy, and appropriate monitoring and review mechanisms are developed to ensure effectiveness, transparency, coherence and consistency in their implementation.

- Appropriate human resource management systems are in place ensuring that SAV is able to attract, develop, utilise, reward and retain the required number of staff and the right ‘mix’ of competencies, experience and skills.
- Continuous professional development systems in place - including Code of Ethics and Professional Conduct - ensuring all staff are equipped with the skills and training necessary to fulfil their professional and ethical responsibilities;
- The HR function is enhanced through the use of computerised tools and techniques.

**Outcome pillar 2: Capacities to undertake mandated tasks and activities in the area of strategic audit planning, financial audit and performance audit are line with INTOSAI standards and international good practice**

**Expected results:**

- SAV elaborates its own audit standards consistent with the Vietnamese legal framework and institutional environment, INTOSAI norms, as well as its own audit experience.
- Manuals, guidelines, procedures, and methods are developed, trialled (through join audits) and disseminated (through training) for all phases of the audit process (i.e. planning, execution, reporting, and follow-up) in order to ensure high quality financial and compliance audit activities in accordance with the SAV standards.
- Appropriate quality control systems are in place to ensure appropriate supervision of audit teams, oversight of audit work, review of audit performance and monitoring of the implementation of audit recommendations.
- Computerised audit tools and techniques are developed to improve the structure, quality and productivity of the audit process and an appropriate computerised database is developed to help SAV management improve audit planning, quality control and risk assessment as well as enhance knowledge sharing and good-practice amongst SAV staff.
- Clear, concise, accurate and objective criteria are set for SAV audit reports, resulting in the provision of information to the National Assembly, government and public which contributes to more transparent public finances and effective oversight of public financial management in Vietnam.

### 1.4 Inputs

For the technical and institutional development activities, the grant beneficiary will need to provide the optimal combination of long-term and short-term expertise.

The organisation of the project envisages a long-term project leader (Key Expert 1) having overall responsibility for the project as well being an “SAI organisational, institutional and human resources specialist”. The project leader would be supported by a long-term expert, specialising in “strategic audit planning, modernisation of audit methods and management of audit activities” (Key Expert 2). The Key Experts will have responsibility to provide the necessary policy advice, technical assistance and training to enable SAV to meet their long term...
strategic aims. They will also be responsible for overseeing the inputs of a pool of short term expertise from the SAI(s), which will be mobilised to fulfil specific needs.

In accordance with a specific recommendation from the Auditor General, senior level SAV officials will be appointed as direct counterparts to the Key experts, and will be responsible for developing joint work plans and overseeing the day-to-day operational aspects. The Key Experts will be embedded within SAV.

A project Steering Committee will be established to provide overall strategic guidance for the project. The Committee will be chaired by the Auditor General.

1.5 Specific Activities

The specific activities requested by SAV are based on SAV’s DAP and are derived from a rigorous review and prioritisation of the activities in the Plan. The DAP identified five thematic areas needing further development to improve the operational and institutional capacity of SAV.

The activities proposed for this project will target two of the five thematic areas of the DAP, namely: Organizational Structure and Management of Human Resources Management; and Strategic Planning, Audit Methodologies and Audit Quality. It is also envisaged that some activities relating to Information Technology and Communication will mainstreamed within the project. These activities were selected to ensure that where possible, interventions concurrently develop: institutional capacity; technical competence; and improve the ability of SAV to embed reforms in a sustainable and cohesive manner.

During the inception phase of this project a review should be carried out to ensure that these activities and sub-activities remain valid and are still consistent with overall objectives of the project, the priorities of SAV and the DAP content. The inception phase will also be an opportunity to finalise the project log-frame, risk matrix and visibility plan jointly with SAV.

The expected activities of this project are designed to deliver the results described above.

Pillar 1: Develop the SAV Organisational Structure and Management of Human Resources

*Human Resource Function*

1.1.1 In collaboration with the SAV, prepare a report setting out the characteristics of an effective SAI’s Human Resources function, perform tasks analysis, and identify the gaps between the tasks’ requirements and the needs for resources (human resources, financial resources, etc.) to complete the assigned missions in terms of SAV’s capacity.

1.1.2 Develop and implement a strategy aimed at closing the identified gaps in capacity and enhance the HR function, in which the structure and needs of human resources of SAV are clearly defined.

*Organisational Structure*

1.1.3 With the SAV, review the current organisation structure of the SAV including the specialised and regional units. Provide recommendations to re-engineer the organisational arrangements to allow the SAV to operate in compliance with INTOSAI standards and international SAI best practices whilst at the same time remaining broadly consistent with the Vietnamese regulatory framework. Assist the SAV to have the revised organisation structure approved and implemented.
Staff training and capacity building

1.1.4 With the SAV, complete an in-depth TNA designed to identify gaps in technical and soft skills that can be closed through formal and on-the-job training. This TNA should take into account past training interventions and provide a commentary on what worked and why and what did not work and why.

1.1.5 From the TNA and with the SAV, develop a comprehensive and time-bound training implementation plan. The training plan should provide a realistic balance between those training activities that provide skills and knowledge transfer through formal and on-the-job capacity development modalities. Provide training, mentoring, coaching and other practical support to implement the training plan.

1.1.6 With the SAV, and in compliance with INTOSAI and other requirements conduct assessment on current training programs and materials, develop new training programs and materials for the SAV’s auditors in order to meet the SAV’s requirements of human resources improvement in the future.

1.1.7 Enhance training of human resources in Information Technology (IT) for the SAV and improve IT background for the SAV’s personnel.

1.1.8 For all proposed activities under this component, the grant beneficiary should clearly demonstrate how they will have, by the end of the project, developed the individual and institutional capacities of the SAV to continue building these activities in a sustainable manner beyond the life of the project.

Pillar 2: Strategic Audit Planning, Modernisation of Audit methods and Management of Audit Activities

Strategic Audit Planning (individual audit plan, annual audit plan and mid-term audit plan etc.)

2.1.1 With the SAV, review the current arrangements for audit strategic planning and compare the current state of affairs with the best international SAI practices for audit strategic planning.

2.1.2 With the SAV, develop appropriate criteria (based on risk assessment) and guidance material for strategic audit planning as well as implement audit operational action plans to ensure that strategic objectives are transformed into embedded working practices.

2.1.3 In partnership with the SAV, develop, agree and implement a framework for the monitoring, evaluation and reporting on the implementation of the action and strategic audit operational plans.

Improving the SAV auditing standard system

2.1.4 In coordination with SAV, develop and improve the SAV auditing standard system to align with the INTOSAI auditing standard system, while taking full account of the legal environment and audit practices of SAV [The SAV auditing standard system includes 3 fields: financial audit, performance audit, compliance audit, and at least 40 auditing standards (including the Auditing standard guide)].

2.1.5 Before promulgating standards, work with SAV will to organize stakeholder consultation workshops to gather opinions from relevant agencies and units, accounting and auditing professional associations and researchers.

2.1.6 Development and dissemination of appropriate guiding material, documentation and manuals on audit methodologies for SAV staff and organize training courses and develop
training materials for all auditors of the specialized audit departments and regional state audit offices; the training courses will be held after each stage of promulgating the SAV auditing standards. The aim of training is to help auditors to acquire and apply the guidance of the SAV auditing standards as well as to comply with regulations of these standards.

**Audit quality control**

2.1.7. In coordination with the SAV, assess and make comparison between current situation and the best practices on audit quality control.

2.1.8. In partnership with the SAV, develop and complete the function of audit quality control including the regulations and guidelines system.

2.1.9. With the SAV, develop the manual on audit quality control and organize training courses for personnel in charge of audit quality control.

**Implementing joint financial audit pilot using audit standards level 4**

2.1.10. In conjunction with the SAV, carry out a comparative analysis of current practices against INTOSAI audit standards for financial audit and make recommendations to close any gaps reported in the following key components of the audit cycle:

- Understanding the business and risk assessment;
- Audit planning;
- Reviewing internal control systems;
- Assessing the competence and scope of audit units;
- Compliance and substantive audit testing including the use of statistical sampling methods;
- Analytical procedures;
- Revenue audit;
- Audit completion, certification and reporting;
- Anti-fraud and corruption guidance; and
- Quality assurance processes.

2.1.11 Following on from the above review agree with the SAV a rolling programme of joint-financial pilot audits to test the practical application of all components of the audit cycle and thereafter amend the guidance to meet the actual operating environment whilst still respecting the principles of the INTOSAI audit standards.

2.1.12 In year-one of project implementation, the grant beneficiary and the SAV will agree the subjects for the initial joint pilot financial audits in year-two of project implementation.

2.1.13 In advance of the joint financial audit pilot activities, training will be delivered to those SAV audit teams who will participate in the financial audit joint pilot activities. The objective of this training is to prepare the SAV teams for the implementation of this activity and to establish the protocols between the technical assistance, the SAV and the audited bodies. Comprehensive guidance materials based on the training provided will be prepared and made available to all staff involved in the pilot audits.

2.1.14 Preparation training for joint financial audit pilot activities will be provided to the SAV audit teams as new teams emerge in year two to five inclusive of project implementation.

2.1.15 With the SAV, individuals participating in the preparation training will be selected for further train the trainer coaching to ensure that internal capacity is developed to continue this training following the end of the project interventions.
2.1.16 In year-two of project implementation the grant beneficiary and SAV will agree a minimum number of joint financial audits to be concluded in year three to five inclusive of project implementation. These audits will be used to assist the SAV at all key stages of the audit cycle (planning, execution and reporting). The grant beneficiary will provide on-the-job practical advice, technical support, mentoring, and assistance in overcoming practical audit operational obstacles as well as advice on quality assurance. It is recommended that some joint-audit activities target the Health Sector as this is being provided with complementary Sector Budget Support by the EU.

2.1.17 At the conclusion of each round of joint financial audits, the consultants and SAV will review the process and outcomes of the pilot audits, identify strength and weaknesses, and make adjustments as necessary to training and guidance materials.

2.1.18 In year-two of project implementation, SAV and the grant beneficiary will agree an exit strategy for external involvement in joint financial audit activities so that in each round of pilots the hands-on engagement of the consultants will reduce as SAV personnel take the lead. This will ensure that by the end of the project SAV personnel are able, on a sustainable basis, to continue to apply the principles of the INTOSAI audit standards for all components of the financial audit cycle.

Compute Assisted Audit Tools and Techniques (CAATs) and Audit Documentation

2.1.19 Having undertaken an assessment of SAV’s current use of IT-based audit tools and techniques, agree with the SAV, an appropriate strategy for the introduction of (and/or development of existing) computer assisted tools and techniques to assist with key phases of the audit cycle (including a centralised database on audited entities). The system should also be easily manageable and accessible to SAV management.

2.1.20 Prepare with the SAV a detailed proposal showing the costs of any software and associated training for implementing CAATs in the SAV. With the SAV and the EUD prepare the procurement dossier and procure the appropriate hardware and specialist software if necessary.

2.1.21 Assist in the installation and testing of the software onto the SAV IT equipment, assist auditors in auditing activities (general analysis-supporting software and software supporting audits in domains of budget, investment - projects).

2.1.22 Provide training to selected SAV personnel in the practical and operational application of CAATs.

2.1.23 In year three of project implementation, the grant beneficiary and the SAV will trial the CAATs during a pilot joint-audit. Following the trial joint-audit the grant beneficiary and SAV agree a minimum number of joint-audits using CAATs in year three to five inclusive of project implementation. These audits will be used to assist the SAV at all key stages of the audit cycle. The SAI experts mobilized by grant beneficiary will provide on-the-job practical advice, technical support, mentoring, and assistance in overcoming practical audit operational obstacles.

2.1.24 At the conclusion of each round of CAAT-based joint-audits, the consultants and SAV will review the process and outcomes of the pilot audits, identify what went well and what needs to be improved and make adjustments as necessary to training and guidance materials.

2.1.25 In year-three of project implementation, SAV and the grant beneficiary will agree an exit strategy for external involvement in CAAT-based joint-audit activities so that in each
round of pilots the hands-on engagement of the consultants will reduce as SAV personnel takes the lead.

Post-audit follow-up

2.1.26 Develop, with the SAV, proposals and options for introducing a communications strategy that will both enhance the profile of SAV and improve the transparency of public finances in Viet Nam, by better communicating the impact and results of SAV’s work to external stakeholders. This communications strategy will be used to develop closer relationships with external stakeholders, in particular the oversight committees of the National Assembly, the media and the wider civil society.

2.1.27 Develop, in conjunction with SAV, proposals and options for improving the effective working relationship between SAV to the National Assembly, particularly in terms of follow-up activities to the submitted reports (e.g. joint-meetings with the relevant parliamentary committees to discuss audit reports in depth and/or further explain audit recommendations and conclusions).

2.1.28 As a quality improvement tool, introduce a system for feedback from audited organisations on issues such as the quality of SAV audits, the relevance and usefulness of recommendations and conclusions. Develop methods of data collection, sources of information qualitative or quantitative performance indicators to assess the impact of SAV’s work and to improve the quality of future audits.

1.6 Types of activity

Overall and without prejudice for the decision making by the the grant beneficiary, activities may include, but not be limited to, policy advice, building capacity within relevant departments, exchange of experts, development of training modules and manuals, theoretical and practical training, training of trainers, on-the-job coaching, curricula development, case study development, workshops, conferences, stakeholder roundtables, translations, and piloting of new auditing methods and approaches through pilot joint-audits.

Where justified, a number of study visits to EU Member States and neighbouring countries may be foreseen. Such visits should be limited in number and target only the most appropriate officials who could benefit from such an activity. Study visits should be well prepared and focus on areas relevant to the project and be followed up by workshops or equivalent, where participants should disseminate lessons learned.

1.7 Location and duration

The project location will primarily be in the SAV Headquarters in Hanoi.

Visits to line-ministries, SAV provincial offices and other locations outside Hanoi will be required as part of the proposed capacity building and joint-audit activities.

Where feasible, the project may also make use of suitable training venues and facilities provided by SAV, including SAV’s residential training school, located outside Hanoi.
## ANNEX II

### Information on Applicant & Eligibility

(to be filled in, attached to letter of expression of interest and submitted to the EU Delegation to Vietnam via \texttt{ELEGATION-VITENAM-CAL-FOR-PROPOSALS@eeas.europa.eu})

<table>
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<th>Name/abbreviation</th>
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<tbody>
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<td>Official Address</td>
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<td>Nationality</td>
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| Contact Person / Contact Details | - e-mail  
- Phone  
- Fax |
| Legal Status |  |
| Compliance with eligibility criteria | Yes/No |
| EuropeAid ID$^9$ |  |
| Is the applicant linked with another entity? |  
• Yes, parent entity:  
• Yes, controlled entity:  
• No |
| Nature of expression of Interest |  
• Lead applicant  
• Co-applicant(s), if any  
• Associate |
| Available technical expertise (in house or through subcontracting / drawing on other administrations / entities) | < number of experts > |
| Management capacity (staff available in project management positions) | < number > |
| Experience in project management of the applicant | < number and titles of recent relevant actions (if possible, annex of short descriptions) > |
| Adequate financial capacity to handle the project budget (yearly budget/turnover, as applicable) | < number (Euro) > (last available financial year) |
| Number of experienced personnel (expert level / project management) available to be deployed for the action (both short-term and long term) |  
Short-term < number / availability >  
Long-term < number / availability >  
Management < number / availability > |

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$^9$ See section 5.3 of the Guidelines for the Call for Expression of Interest