

ASSURANCE MANUAL



Abbreviations

AP	Assurance Professional
AT	Assurance Team
Col	Conflict of Interest
CoST	CoST - Infrastructure Transparency Initiative
ESAP	Environmental and Social Action Plan
CoST IDS	CoST Infrastructure Data Standard
IMT	Infrastructure Monitoring Tool
IPC	Interim Payment Certificate
MEAL	Monitoring, Evaluation and Learning
MSG	Multi-Stakeholder Group
OC4IDS	Open Contracting for Infrastructure Data Standard
PE	Procuring Entity
PPP	Public Private Partnership
RFI	Request for Inspection
ToR	Terms of Reference
QCBS	Quality and Cost Based Selection

Table of contents

1. Introduction	5
1.1 CoST's purpose and approach	5
1.2 Purpose and structure of this Manual	5
2. The CoST assurance process	7
2.1 Assurance and how it helps	7
2.2 Overview of some of the steps in CoST assurance	9
2.3 How assurance relates to other CoST features and functions	10
3. Procuring an assurance report	12
3.1 The role of the MSG in assurance	12
3.2 MSG responsibilities in relation to assurance	12
3.3 The stages of procurement	13
3.4 The need for a targeted approach	13
3.5 Decide what to procure	14
3.6 Decide how to procure	15
3.7 Invite bids	18
3.8 Evaluate bids	19
3.9 Award contract	21
3.10 Manage contract	22
3.11 Learn lessons	22
4. Activities of assurance team	23
4.1 Introduction	23
4.2 Identify areas of likely interest	23
4.3 Check completeness and accuracy of disclosed data	24
4.4 Identify a sample of projects for in-depth review	26
4.5 Request missing data and additional information	27
4.6 Visit sites to observe progress and ask questions	28
4.7 What to look out for during a CoST site visit	31
4.8 Reporting on a site visit	34
4.9 Generating additional data based on assessments	35
4.10 Turn data into compelling information	36
4.11 Developing recommendations	37
4.12 Reviewing previous recommendations	38
4.13 Writing the assurance report	38
4.14 Distribution of effort by the assurance team	40
4.15 Post-assurance report to the MSG	41
5. Common challenges encountered	43
5.1 Internal challenges	43
5.2 External challenges	44
6. Assurance report launch and follow-up	45
6.1 Purpose	45
6.2 Validation meeting	45
6.3 Public launch	46
6.4 Documentation	48
6.5 Follow-up	49
Annexes	50

Figures

Figure 1: Overview of data flows	7
Figure 2: The virtuous circle of CoST assurance	9
Figure 3: Overview of CoST assurance	9
Figure 4: The standard stages in procurement	13
Figure 5: Key drivers of good performance	24
Figure 6: Identification of projects for assurance	27
Figure 7: Use of an S-curve to monitor progress and payments	31
Figure 8: Geographical allocation of road maintenance budget	37
Figure 9: Underlying causes of time delays	37

Tables

Table 1: Issues to be agreed by the MSG during procurement of an assurance report	13
Table 2: Pros and cons of different service providers for CoST assurance	16
Table 3: Core elements of an assurance report	39
Table 4: Basic feedback form template for review of draft assurance report	41

Annexes

Annex 1: Overview of available tools, checklists and other resources	50
Annex 2: ACTS tool to help identify likely areas of interest	51
Annex 3: Tool to help assess completeness of proactive disclosure	51
Annex 4: Tool to help evaluate the accuracy of proactive disclosure	52
Annex 5: Tool to help assess a PE's response to queries about proactive disclosure	52
Annex 6: Tool to help record and assess status of reactive disclosure	53
Annex 7: Example of a linear progress monitoring tool	53
Annex 8: Tool to help evaluate the strength of selected management processes	54
Annex 9: Tool to help evaluate the status of past recommendations	54
Annex 10: Post assurance data summary	54

1. Introduction

1.1 CoST's purpose and approach

PURPOSE

The purpose of CoST is to contribute to improved performance in the procurement¹ of public infrastructure by identifying, highlighting and helping to address risks of inefficiency, mismanagement and corruption. Good performance in this regard means the achievement by procuring entities (PEs) of value for money by procuring:

- the right infrastructure (requiring effective planning); through
- fair processes (requiring effective tender management); that deliver
- infrastructure as contracted (requiring effective contract administration); that result in
- relevant service provision (requiring effective stakeholder engagement)

APPROACH

The approach adopted by CoST is one of constructive engagement, illuminated by facts, in pursuit of this shared purpose. By taking care not to duplicate or undermine the role of others, CoST helps enhance the levels of trust, thus reducing the risk of delays and increased costs.

This approach finds practical expression through CoST's four core features of disclosure, assurance, multi-stakeholder working and social accountability. These provide a global standard for enhancing infrastructure transparency and facilitating accountability. Whilst the standard is universally applied by CoST members in low, medium and high-income countries, it is adapted for appropriate application in different political, economic and social contexts.

a. Core feature: Disclosure

Disclosure is the publication of data from infrastructure projects. Data is disclosed by PEs at key stages throughout the entire project cycle in [the Open Contracting for Infrastructure Data Standard \(OC4IDS\)](#) or [CoST Infrastructure Data Standard \(CoST IDS\)](#) format. These ensure that data related to the purpose, scope, costs and execution of infrastructure projects is open and accessible to the public, and is disclosed in a timely manner. Specified data points or 'items' defined in these standards relate to the identification, preparation, and completion of projects and the tender management and implementation stages of constituent projects.

b. Core feature: Assurance

Assurance is an independent review that validates the accuracy and completeness of the disclosed data and uses the data by turning it into compelling information, highlighting issues of concern and areas of good practice. It entails communicating issues both visually and in plain language. By making it easier for all stakeholders to be aware of what is happening, this helps to strengthen accountability mechanisms while allowing decision-makers to more readily be held to account.

c. Core feature: Multi-stakeholder working

In order to be trusted by all parties, the above activities related to disclosure and assurance must be seen to be independent. To this end, multi-stakeholder working brings together government, the private sector and civil society in a concerted effort to pursue the common goal of improving transparency and accountability in public infrastructure. This is typically² achieved through a multi-stakeholder group (MSG) where each set of stakeholders has an equal voice in leading a CoST programme in accordance with accepted principles. Decisions made by the MSG that are then implemented by a CoST Secretariat³.

¹ Procurement is not limited to tender management, but refers to the whole process of creating, managing and fulfilling contracts. This is consistent with the CoST approach of taking an interest in all stages of the project cycle.

² In some circumstances, particularly in high income countries, it may be possible for effective multi-stakeholder working to be achieved without the establishment of a tailor-made CoST MSG. However, for the purposes of this Manual it is assumed that an MSG has been established.

³ Referred to in the remainder of this document as simply "the Secretariat". In contrast, the CoST International Secretariat is referred to as "the International Secretariat"

d. Core feature: Social accountability

Stakeholders such as the media and civil society play an important role in holding decision-makers to account. Social accountability refers to efforts made to ensure that the disclosed data and assurance reports are taken-up and used by stakeholders – especially civil society and the private sector – to help strengthen accountability and deliver practical improvements. Building on the foundation laid by disclosure and accountability, CoST can provide training in the most constructive and effective means of making use of those resources.

Some CoST programmes may at times choose to engage directly with intended beneficiaries rather than simply with relevant civil society organisations. This can further extend awareness of the results of CoST assurance, while helping to clarify the effectiveness or otherwise of established systems and procedures for community engagement in project planning, preparation and implementation. What CoST does not however do is to interfere in ongoing community engagement processes by crossing the line into direct citizen monitoring. To do so would risk being unreasonable in the eyes of PEs and contractors, who are prepared to be held to account for what they are required to do, but understandably may consider it unreasonable to be criticised when fulfilling those obligations.

1.2 Purpose and structure of this Manual

PURPOSE

The primary purpose of this Manual is to provide guidance to help strengthen assurance processes and resulting reports so that they reliably contribute to the shared objective of better infrastructure. This entails not only respecting and reflecting CoST's unique and innovative approach, but doing so in a manner that draws on other aspects of recognised good practice in the realms of quality management, integrity, professionalism and effective communication.

A secondary objective is that the resulting assurance reports are sufficiently clear and consistent to facilitate the higher level monitoring of CoST's influence and eventual impact.

TARGET AUDIENCE

This Manual contains step-by-step guidance and useful templates of value to anyone with an interest in, or responsibility for, CoST assurance. However, it is primarily aimed at members of CoST National Secretariats⁴, who will inevitably to some extent need to adapt the content to the local context for use by an appointed assurance team (AT) comprising one or more assurance professionals (APs)⁵.

STRUCTURE

The structure of the Manual reflects its need for adaptation to different contexts. It is recognised that some readers will already be experienced in some of the activities described, so may not need to study each chapter in an equal level of detail.

Following this Introduction, the remaining chapters are concise yet worded in a manner that encompasses a range of possible approaches regarding:

Chapter 2: The CoST assurance process

Chapter 3: Procurement of the services of an AT

Chapter 4: Activities of the AT

Chapter 5: Common challenges encountered

Chapter 6: Assurance report launch and follow-up.

These chapters make reference to various tools, checklists and resources, but do not describe those in detail, making reference instead to Annex 1, which provides an overview of such resources. Most are described in more detail in subsequent Annexes, while in other cases the reader is pointed to relevant web pages.

⁴ Including but not limited to designated National CoST Managers.

⁵ An assurance professional is anyone engaged in providing services in support of CoST assurance, irrespective of their ongoing employment status, or indeed whether they work in the private sector or as public servants.

2. The CoST assurance process

2.1 Assurance and how it helps

OVERVIEW OF ASSURANCE

Assurance is the process whereby disclosed⁶ data is turned into compelling information, allowing the facts to speak for themselves. By shining a light on what happens at each stage of public infrastructure procurement, it serves to strengthen existing accountability mechanisms, for which others are responsible. It achieves this by generating objective information that helps all stakeholders identify and address any areas of concern.

The scale and scope of an assurance process is determined by the scale and scope of disclosed data, and by the resources available to make use of that data.

- At one extreme, when relatively large and reliable data sets are available under a mature CoST programme, some high-level analysis may be undertaken, typically looking at a limited number of concerns such as time and cost deviations and other issues related to value for money. More detailed assurance would then focus on a sample of projects chosen to include a range of scales, locations, project status, and procurement entities, with still more analysis when specific risk factors come to light.
- At the other extreme, under a new CoST programme, assurance may at first be limited to a relatively small number of projects. In such circumstances a greater proportion of the effort is likely to be focussed on issues related to the effectiveness or otherwise of the disclosure process, and on any red flags⁷ that come to light.

In practice, most CoST assurance lies somewhere between these two extremes.

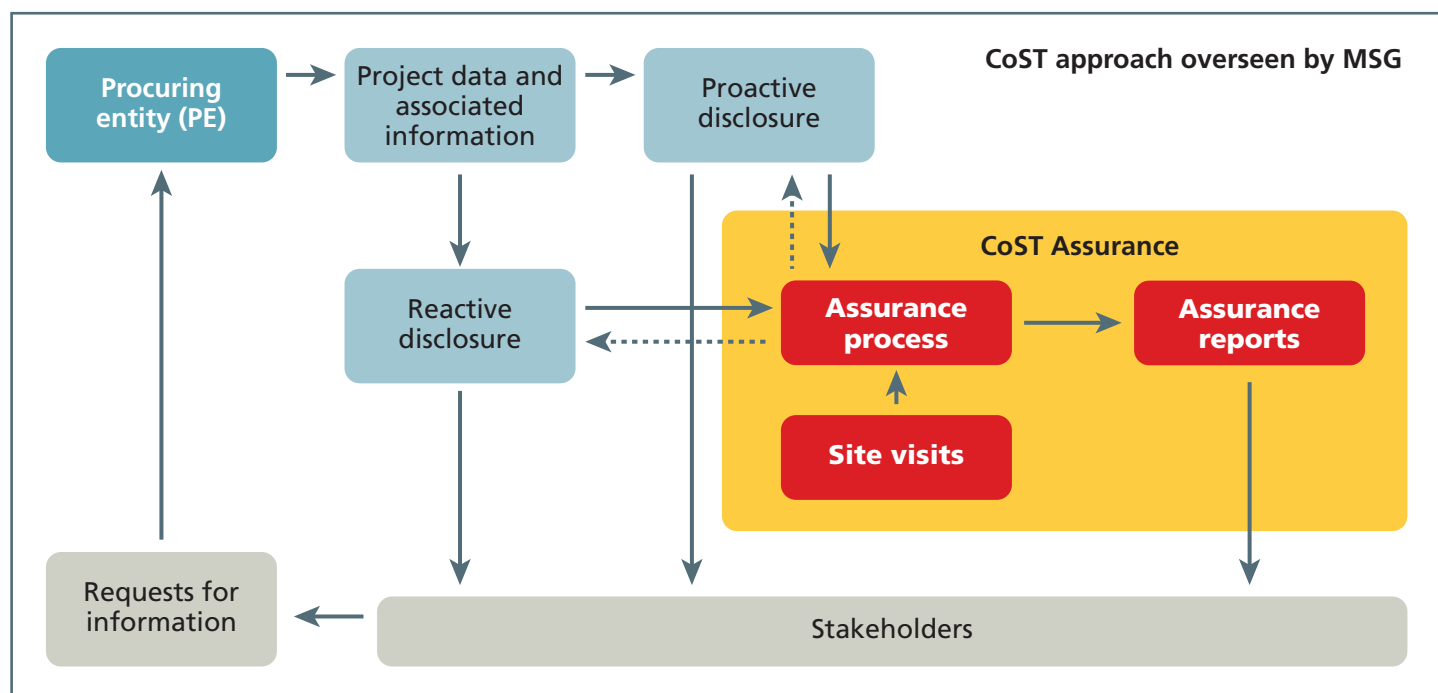


Figure 1: Overview of data flows

Figure 1 illustrates the typical CoST-related flows of data and associated information related to a project and its constituent contracts.

⁶ An updated guidance note on disclosure will be shortly available on the CoST website. The previous Guidance Note 6 on disclosure, also available on the website, can be used in the meantime.

⁷ a "red flag" is an indication of a potential problem that serves as a trigger for further analysis, not necessarily by CoST.

CoST assurance normally includes site visits. These are aimed at validating a sample of some of the disclosed data, while gaining further insights. The primary focus of such visits is on comparing the reported project status (in terms of physical and financial progress) with what is observed. In the case of ongoing projects, it also provides an opportunity to discuss issues with the project owner, the contractor, the supervising professional⁸ and in some cases other stakeholders. This contributes to the process of formulating potential recommendations about improvements that could be made.

Such recommendations should not be limited to specific problems or concerns that have come to light on the particular project or projects that are subject to assurance. Rather, they should where possible also include consideration of the underlying policies and practices that allowed such issues to arise without being detected and corrected by the PE through its own accountability mechanisms. Such a high-level approach provides added value for PEs. Not only do they benefit from an independent review, albeit one that is necessarily limited in scope, of some specific projects, but they are also helped in the process of seeing the bigger picture. This includes an enhanced awareness of what scope (if any) may exist for broader improvements in the form of adjustments to sub-optimal practices that may over time have been hidden, ignored, or uncritically accepted.



Former President of Ukraine, Petro Poroshenko endorses a CoST Ukraine Assurance Report.

HOW ASSURANCE HELPS

For enhanced transparency to be effective in achieving greater accountability, stakeholders need to understand the disclosed data and to identify issues of interest or potential concern. The purpose of assurance is to facilitate this. CoST assurance thus has a dual function:

1. Assessing whether the data disclosed is valid and complete; and
2. Analysing and presenting the data as compelling information in order to help identify and understand matters that could be raised with the PE and made available to others.

A key characteristic of any CoST assurance report is that it is objective and impartial. Because it is initiated, and endorsed, by the MSG, it should reflect CoST's collaborative approach whereby stakeholders work together to improve sector performance.

Every assurance report should aim to:

- Ensure that disclosed data are better understood; so that
- Higher level insights are gained; and resulting
- Recommendations are formulated or supported.

Over time such an approach increasingly results in:

- The added value of CoST being recognised;
- Mutual trust between stakeholders being strengthened; and
- Performance and data management by project owners being improved.

⁸ Depending on the nature of the contract this may be supervising engineer, architect, quantity surveyor, project manager or other professional responsible for certifying that the works have been undertaken, or services provided, in accordance with the contract, thus triggering the process of related payment. In this Manual the term "supervising engineer" should where appropriate be interpreted in this broader sense.

As illustrated in Figure 2, this contributes to a virtuous circle of improved working practices that serve the interests of government, the private sector and civil society alike to the ultimate benefit of all.

Such a virtuous cycle is not limited to CoST assurance. As data disclosure is increasingly institutionalised in accordance with a consistent format, similar processes can be applied by other parties making use of the data. This could for instance include students or academics analysing disclosed data as part of their thesis or research, or private companies providing advisory services to those working in the sector as consultants, contractors or investors.

2.2 Overview of some of the steps in CoST assurance

As partially illustrated in Figure 3, assurance entails a series of detailed steps that make use of disclosed data.

Figure 2: The virtuous circle of CoST assurance

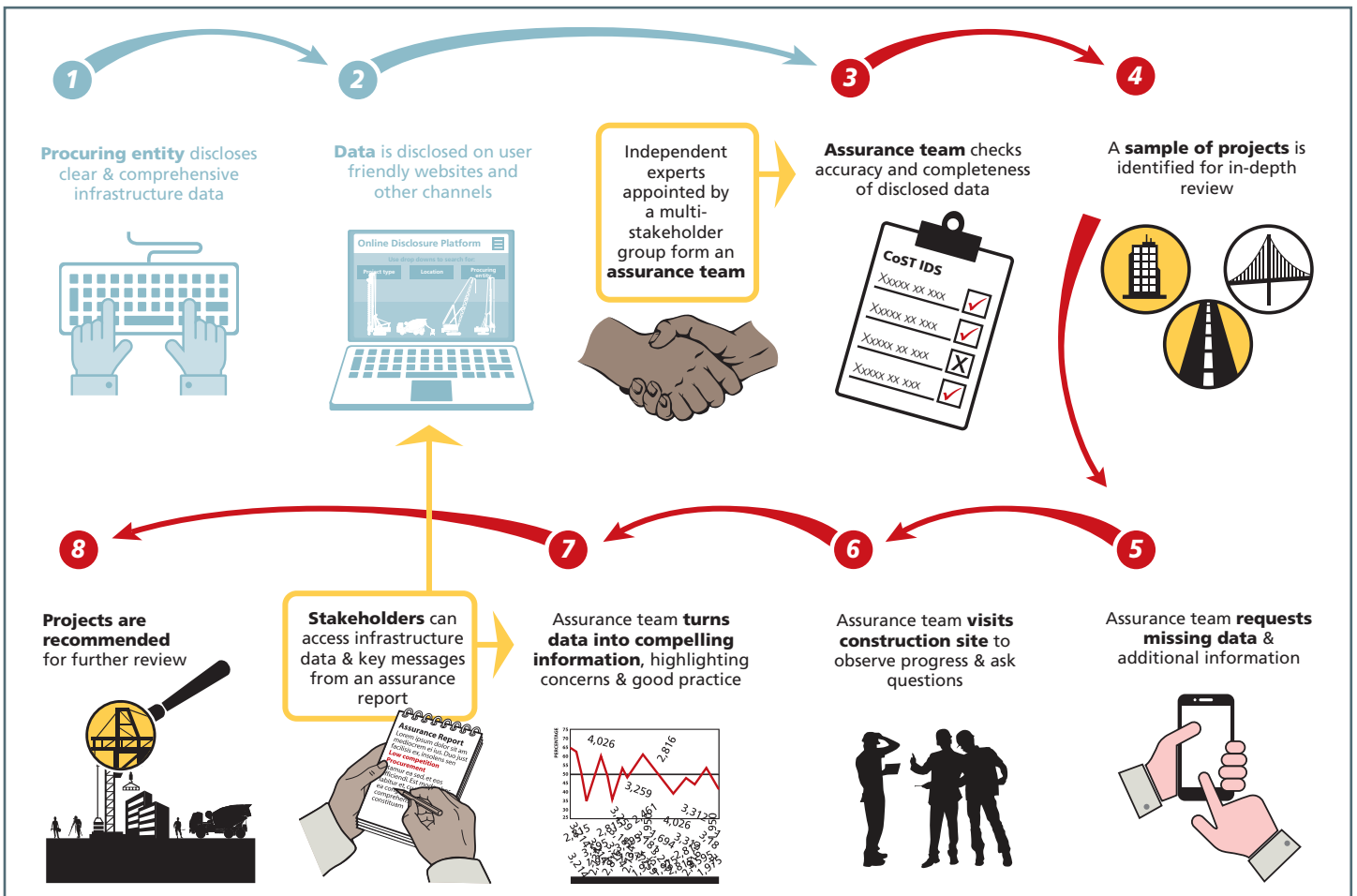
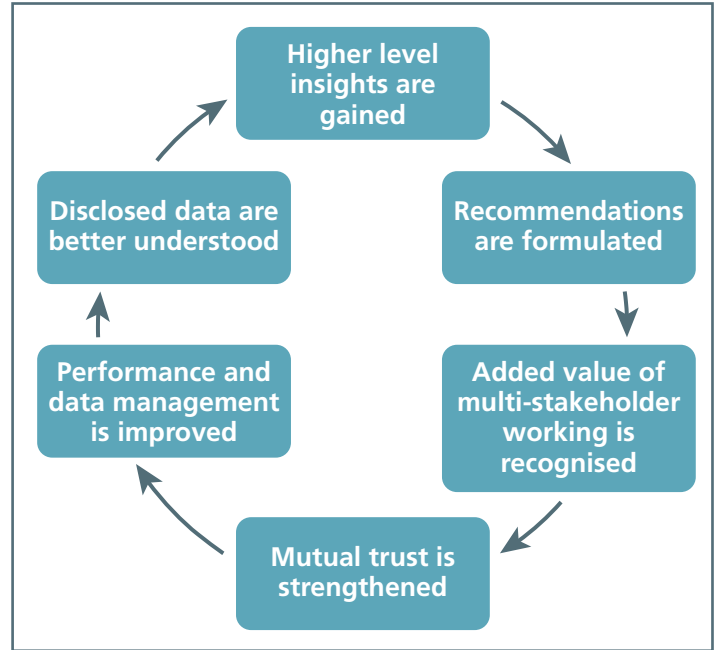


Figure 3: Overview of CoST assurance

Each of these steps should be approached with the key elements of the eventual assurance report in mind, namely:

- A concise Executive Summary that communicates findings and recommendations in clear and simple language that is unambiguous and can readily be understood by non-specialists; and
- A set of clear Recommendations about corrective actions that would result in issues of concern being addressed on an ongoing basis.

Steps 1 and 2 of the Figure show how CoST assurance is dependent upon, but distinct from, CoST disclosure. These steps are elaborated upon in the CoST disclosure manual and related guidance note. Steps 3 to 8 relate more explicitly to assurance and are described in detail in chapter 4, which also explains how some details of these steps can be adjusted depending on the scope, scale and maturity of the CoST programme in any specific context.

2.3 How assurance relates to other CoST features and functions

ASSURANCE AND OTHER CoST FEATURES

In addition to assurance, the other CoST features are disclosure, multi-stakeholder working, and social accountability.

- **Disclosure.** Proactive disclosure is an essential prerequisite for assurance to be possible. Assurance then includes a review of disclosure that:
 - Evaluates the degree to which proactive disclosure has taken place;
 - Requests data and documents subject to reactive disclosure; and
 - Assesses the accuracy or otherwise of what has been disclosed.
- **Multi-stakeholder working.** This is what gives assurance legitimacy, as the resulting assurance report highlights findings, and makes recommendations, in an objective manner that is consistent with CoST principles, and not improperly influenced by any single stakeholder group, however influential that may be.
- **Social accountability.** This is greatly facilitated by assurance, which transforms some of the disclosed data into compelling information that is readily understood by stakeholders, including citizens groups, the media and affected individuals. This provides them with a basis for asking informed questions about issues of concern. Further details concerning social accountability, including its linkages with assurance, are included in CoST's forthcoming guidance on social accountability. The information provided through CoST disclosure and related assurance may also be used by others within government with responsibility for official accountability mechanisms, but who may be subject to capacity constraints.

Because of the very different skills sets required, it is not recommended that the scope of work assigned to the AT includes responsibility for associated social accountability events such as the launch workshop or any related community consultation or research that the MSG may have commissioned in parallel with the assurance process. It is however important that close communication and coordination is achieved between the AT and those responsible for such related activities.

ASSURANCE AND OTHER CoST FUNCTIONS

Over time, the increasing set of disclosed data, related assurance reports and additional analysis potentially carried out by others constitutes a growing resource that is of value not just at the level of a single PE, but across a sector, a region, and even internationally. In order to optimise the contribution made by assurance reports, it is important that they are written in a manner that is sufficiently consistent to facilitate broader analysis. This also contributes to the progressive establishment of a body of knowledge that facilitates CoST's own internal monitoring, evaluation and learning (MEAL) functions. Important considerations in this regard include:



CoST Guatemala's programme manager with members of the Multi-Stakeholder Group

- **Language.** Assurance reports should normally be written in a recognised language of the country in question. However, when a report is written in a language other than English, an English version of the Executive Summary, Findings and Recommendations should also be provided. This increases its relevance to potential investors while facilitating higher level international analysis, including internally within CoST. The same principle applies to short summary documents designed to provide an overview of an assurance report using infographics.
- **Currency.** When the currency used is other than US\$, the approximate US\$ equivalent should also be provided, using the prevailing exchange rate at the time of the analysis. This exchange rate should be stated immediately following list of acronyms and initialisms at the start of the assurance report
- **Review of status of previous recommendations.** The routine inclusion of a such a review helps improve the likelihood that every assurance report will have a lasting impact. Further details of this requirement are described in chapter 4, and Annex 9.
- **Consistent reporting of core data and summary information.** When an assurance report is submitted it should be accompanied by a brief summary report to the MSG. This report, which will not be a public document, should include:
 - A post assurance data checklist. This is as described in section 4.15 and detailed in Annex 10.
 - A concise overview of issues arising that would not have been appropriate to include in the assurance report itself, because it:
 - relates to the relationship between the AT and CoST;
 - is of a confidential nature; and/or
 - is based on impressions and opinions that, while potentially valid are either not backed up by hard evidence or are backed up by such evidence but have nevertheless not been included in the report in order to avoid detracting from its effectiveness.

3. Procuring an assurance report

3.1 The role of the Multi-Stakeholder Group in assurance

Most of the work in producing an assurance report is done by the contracted entity or individuals, (whether from a private company, academia, or a government body). Though the procurement of services will, with support from the host organisation where appropriate⁹, be managed by the CoST manager on behalf of the Multi-Stakeholder Group (MSG), each MSG member is expected to play an active supporting role, and to be sufficiently familiar with the eventual report's content to be prepared to explain and potentially defend its main findings and recommendations.

The main areas of involvement by MSG members are to:

- Approve the procurement process and approach;
- Approve the Terms of Reference and associated evaluation criteria;
- Approve the appointment and proposed methodology;
- Approve significant changes of approach and methodology that may arise at hold points¹⁰;
- Make use of relevant experience and contacts to facilitate¹¹ the work of APs;
- Approve the criteria against which the CoST manager reviews the assurance report;
- Approve the assurance report;
- Participate in the assurance report launch primarily in their capacity as a representative of the MSG, rather than of any specific stakeholder group.

3.2 MSG responsibilities in relation to assurance

The MSG is ultimately responsible for commissioning an assurance process and approving the resulting assurance report or reports. If, despite internal quality management systems applied by the contracted party, a report is not acceptable to the MSG, it should be repeatedly revised until all valid concerns are addressed. Examples of valid concerns include:

- Statements that are not based on documented facts;
- Reluctance by the AT to make reference to relevant facts that some stakeholders may wish to suppress without justification, but which if sensitively included would contribute to the purpose of the report; and/or
- Problems related to the quality of the document in terms of internal consistency, clarity of communication, and general professionalism.

During this review process, the CoST Manager may need to remind MSG members that each individual's over-riding commitment is to the agreed approach and objectives of CoST, even if this may not necessarily align fully with the approach or interest of the stakeholder group to which they belong. Any decision not to accept part of all of a draft assurance report must be explained in writing and be consistent with CoST's ethical guidelines. In cases where a report may leave people exposed to

⁹ In cases where the CoST National Secretariat is not a legal entity, any contracts entered into would need to be with the host organisation. While some aspects of procurement practices of the host organisation may be relevant to CoST, others may not be, on account of the distinctive nature of the CoST approach as described in this Manual. To reduce the risk of any misunderstanding arising, such issues would need to be discussed and agreed with the host organisation.

¹⁰ Specified in the project timeline, a hold point is stage at which further expenditure of resources by the contracted party is put on hold pending an assessment of the possible need to adjust activities, approach, or scope of work in light of findings to date.

¹¹ Such support could for instance include helping to arrange meetings, facilitate discussions about site visits, or to remind government colleagues about prior agreements related to reactive disclosure.

criticism, measures may be taken to mitigate the associated risk of embarrassment. For instance, it is important to allow a reasonable time for a PE to formulate a response, so that when the assurance report is launched it is in a position to point to corrective action being taken.

3.3 The stages of procurement

The CoST manager must take reasonable steps to ensure that all aspects of the procurement of services of an assurance team or individual are properly prepared for, conducted, and documented. This entails acting in accordance with a mandate and associated guidance provided by the MSG and the CoST International Secretariat, and in close collaboration where appropriate with those within the host organisation responsible for tender management.

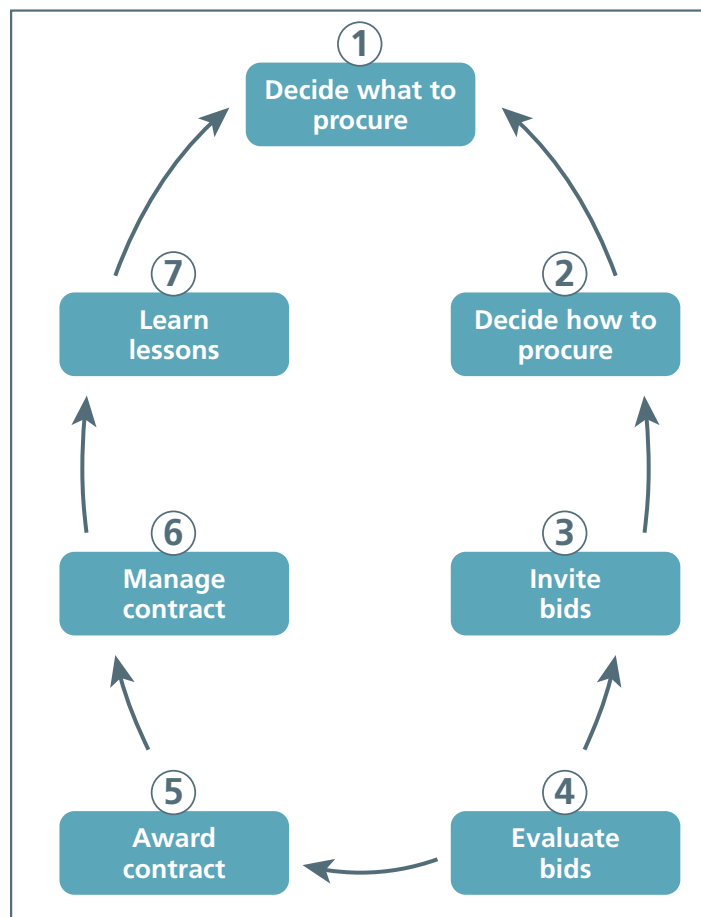
As with any procurement, there are seven distinct stages to such a process, as set out in Figure 4.

The MSG's contribution to each of these stages is summarised in Table 1.

3.4 The need for a targeted approach

Once it has been decided which projects will be subject to assurance, the exercise must necessarily be targeted on specific issues and likely areas of concern, so that good use is made

Figure 4: The standard stages in procurement



PROCUREMENT STAGE	ISSUES TO BE AGREED BY THE MSG
1. Decide what to procure	What is the appropriate scale and scope of the exercise, within the limits of available resources?
2. Decide how to procure	Should services be provided by an individual, a company, some other public or private entity; by direct appointment or through competition?
3. Invite bid(s)	Are the Terms of Reference (ToR) and associated instructions clear? And do they include all necessary provisions such as appropriate references to applicable CoST policies and procedures, such as those related to safeguarding and ethical policies?
4. Evaluate bid(s)	Is/are bid(s) evaluated objectively using pre-defined criteria?
5. Award the contract	Have all administrative requirements been satisfied, and are suitable accountability mechanisms in place to monitor the contract?
6. Manage the contract	Is responsibility clearly allocated for the internal quality management by the AT, and for review by the manager and the MSG?
7. Learn lessons	What changes should be made to do this better next time?

Table 1: Issues to be agreed by the MSG during procurement of an assurance report

of limited available resources. Such targeting will typically be informed in part by a preliminary analysis of data, in part by general experience of the sector, and in part by CoST and APs' knowledge of risk factors likely to apply to specific projects. MSG members are likely to be a good source of knowledge and experience to help inform such targeting. A basic due diligence¹² check on the reputation of key stakeholders may give rise to further relevant information and insights.

As part of a process of developing a pool of relevant expertise, it is good practice to favour approaches that offer additional experts the opportunity to learn from APs with more experience.

Each of the stages is now considered in turn.

3.5 Decide what to procure

The scope and scale of a specific assurance process is constrained by the available resources in terms of:

- **Opportunity:** The number of projects under which CoST Disclosure is/has taken place in a manner that is properly agreed and documented, and evident though not yet evaluated;
- **Assurance capacity:** The number of APs with the relevant skills and experience;
- **Contract supervision capacity:** The ability of the CoST secretariat to oversee the assurance process with the active support where appropriate and possible of the MSG and any host organisation; and
- **Financial resources:** The available budget in terms of the approximate number of days AP time that can be contracted, together with associated expenses.

The capacity to undertake an assurance process will vary markedly between countries, depending on the degree of maturity and professionalism within public infrastructure procurement, from the planning stage to final handover of the completed asset. Likewise, there is likely to be a broad spectrum of opportunity in terms of the number and scale of projects that are undertaking CoST disclosure. In all cases it is best to start with a relatively modest exercise and focus on doing that well. This helps those responsible to gain valuable relevant experience and to quickly identify and address any problems, while gaining the respect and trust of stakeholders.

In contexts where the necessary skills and resources exist, the scope and scale of any assurance contract should neither be:

- **So limited** that the underlying mobilisation and administrative effort amounts to more than about 10% of that of the assurance exercise itself; nor
- **So unconstrained** that the exercise becomes an exercise that is so detailed that it fails to draw out key underlying issues, and thus risks failing to achieve its objective.

Inevitably, there will never be enough time for the AT to achieve clarity over all aspects of any project. It is therefore important that the ToR are framed in a manner that achieves focus – both through:

- An initial informed direction of attention on likely areas of interest, based on the experience and insights of those familiar with the sector in general and that project in particular; and
- Hold points built into the methodology to allow the CoST manager, on behalf of and with the active support of the MSG, to make appropriately timed adjustments to the AP's brief.

¹² In the context of assurance, a simple due diligence exercise would focus primarily on official records related to the parties contracted to provide goods or services. This may for instance reveal whether that company was eligible in the first instance. In addition, there may be less formal information available online concerning the record and reputation not only of the companies involved, but also of the PE, and of any NGOs involved.

3.6 Decide how to procure

An important early decision to be taken/endorsed by the MSG concerns the method of procurement to be followed. Questions to be considered when making such a decision include:

- What type of service provider would be most suitable?;
- Should there be a direct appointment, or is a competitive process called for?; and
- Should the contract be lump-sum or time-based?

There is no simple answer to these questions, as decisions must be taken in light of prevailing circumstances. In the interests of internal accountability, however, whatever decision is taken should be justified in writing. In doing so, the factors to be considered should include the following:

EXPERIENCE OF THE HOST ORGANISATION

In cases where the Secretariat is not a legal entity in its own right, there are evident benefits associated with drawing on any experience the host organisation may have of procuring similar services.

NATURE OF SERVICE PROVIDER

An assurance process could potentially be undertaken by a single highly experienced professional, a team of independent experts, a consultancy company, a University research unit, or a government audit or inspectorate department. In deciding which to choose, the CoST manager on behalf of the MSG should be guided by the following core requirements:

Capacity

- Do they possess the necessary knowledge, skills and experience?
- If not, do they demonstrate an understanding of the CoST approach and an ability to learn on the job?
- Even if they are capable of doing the work, are they likely to be able to devote the necessary effort to complete the work as scheduled?

The competencies that need to be brought to bear will vary somewhat according to the nature of the infrastructure, but will typically include:

- Knowledge: A clear understanding of the technical, legal, socio-economic, environmental and administrative context of the project(s), combined with an awareness of likely areas inefficiency and/or malpractice;
- Skills: Experience of working on or analysing similar projects, together with good data management and communication skills, and an ability to complete assigned tasks within the allocated time.
- Attitude: A demonstrable appreciation of the CoST approach, combined with a commitment to making a difference, sensitivity to the perspectives and concerns of all stakeholders, and a willingness to learn.

As a general rule it is preferable where possible to identify a small number of individuals capable of bringing to bear a range of such competencies, rather than risk having to mobilise a large team of specialists and coordinate their activities. It is sometimes considered to be possible, but not certain, that the need for additional services will be identified during the course of the assignment. In such cases provision could be made either to plan for the possibility of procuring additional services in support the main assurance contract, or to include a tentative estimate of the likely cost of such additional services as a provisional sum item¹³ in the assurance contract.

¹³ A "provisional sum" in a contract refers to a price for work that may not be required, or whose exact scope and hence price cannot yet be defined. In either case, the parties to the contract do not try to price it accurately, but simply make an approximate estimate. The actual cost is then determined and agreed if/when the scope of such work can be clearly defined. Such a provision can be helpful in cases whether there may be a need to draw on highly specialised professional advice.

Credibility

- Do they have a reputation for professional integrity such that their report will command the respect of all stakeholders represented in the MSG?
- Are they seen to be free of any conflict of interest¹⁴ (CoI)?
- Are they sufficiently confident and independent to be capable if necessary of shining the light on truths that may prove uncomfortable to some?

Commitment

- Do they demonstrate an underlying interest in what CoST is seeking to achieve?
- Is their involvement likely to develop, or limit, opportunities for others to gain experience of and insights into CoST assurance?
- Are they likely to go the extra mile in order to produce an excellent report?

SERVICE PROVIDER	POTENTIAL ADVANTAGES	ASSOCIATED RISKS
Highly experienced individual professional	• Relatively easy to brief about the unique nature of CoST assurance • Relatively easy to manage • Reduced need for duplication of effort and coordination	• Difficult to identify one person with the range of necessary knowledge, skills and experience • Dependence on one person limits the growth of a body of experience of CoST
Team of individual independent experts	• Full range of necessary competencies can be applied • Helps develop a growing pool of experts with relevant knowledge and experience • Reduces the cost by not paying for company overheads, which can be significant	• Major management effort required to contract interacting services • Reduced clarity over lines of accountability for service provision • Heightened risk to CoST in case of poor coordination between, or non-performance of, contracted individuals
Consultancy company	• Clear accountability if contract is well prepared • Risks of non-performance lie more clearly with company • Potential benefits of innovation by company	• Relatively high cost • Company may exploit poorly prepared contract • Company may adopt and communicate an approach inconsistent with CoST principles • Suitable companies may not exist in some markets
University research unit	• Likely to appreciate the importance of robust data • Likely to have access to a wide range of relevant competencies	• May be inclined to the view that no conclusions are possible without additional data and research • May make the exercise too academic and fail to communicate findings clearly with stakeholders • May assign unsuitable individuals to undertake some activities • May not communicate CoST clearly in face to face interactions
Government Audit or Inspectorate Department	• Ready access to available data • Technical competence • Recommendations more likely to be acted on by government	• May be difficult to identify suitable means of bringing such expertise to bear • May not be trusted by some stakeholders • May perceive CoST as another audit or inspection • May have a conflict of interest, so hold back from highlighting concerns

Table 2: Pros and cons of different service providers for CoST assurance

¹⁴ Conflicts of interest typically take the form of i) individuals or companies with an interest in specific projects that may be subject to assurance ii) public servants reluctant or unable to highlight concern that may be an embarrassment to the government and iii) anyone concerned that their actions in support of CoST assurance may jeopardise their personal future employment prospects or (in extreme cases) personal security. Realistically, it may be impossible to completely avoid any potential CoI. However, all known potential CoIs should be openly declared. In the interest of transparency specific known potential CoIs should where appropriate be made clear in a preamble to the assurance report, together with a description of any mitigation measures taken.

Cost

- Is the anticipated cost of fees affordable within the allocated budget?
- Can costs be managed effectively while achieving the purpose of the assurance process?

Within the global CoST programme, there is experience of the assurance process being undertaken by a wide range of service providers. There is no single recommended option. Rather, each carries potential advantages as well as associated risks. Some of these are summarised in Table 2.

In taking stock of various Pros and Cons of alternative approaches, consideration should be given in each case to the degree to which the potential advantages can be optimised, and associated risks mitigated.

SHOULD PROCUREMENT BE COMPETITIVE OR BY DIRECT APPOINTMENT?

The benefits of adopting competitive procurement processes for assurance include:

- Transparency and awareness-raising within the market;
- Increased competition and hence the likelihood of value for money; and
- Scope for introducing innovation and developing fresh expertise.

These may however be offset to some extent by disadvantages including:

- Time delays as a result of the competitive process;
- Increased administrative effort and paperwork;
- Limited access to experts who only work by direct appointment; and
- Risk of low price resulting in low quality of services as some bidders may not have not fully understood the requirements yet are capable of preparing a convincing proposal.

In the early stages of a CoST programme, the risks of open tendering for assurance services may sometimes outweigh the benefits. There will typically be limited relevant experience in the market, and limited administrative capacity, both in the CoST secretariat, and among MSG members. The host organisation may be able to help mitigate such risks, but as an interim measure consideration should in such circumstances be given to addressing the known risks through some combination of:

- Limiting leadership (and possibly membership) of the AT to those who have a good understanding of CoST assurance as a result of having participated in a CoST assurance awareness-raising workshop;
- Restricting bidding to specific companies or entities known to have access to relevant skills; and
- Assembling a small group of hand-picked individuals who have demonstrated relevant competencies.

Whichever approach is adopted, it is important that clear lines of responsibility and accountability are established so that each member of the AT, as well as the contracted entity itself, has a clear incentive to perform in delivering the agreed outputs in a manner consistent with CoST's requirements.

SHOULD THE CONTRACT BE LUMP SUM OR TIME-BASED?

From the perspective of CoST, adopting a lump sum form of contract for CoST assurance has the advantage of reducing the risk of cost overruns in the preparation of an assurance report. However, given the inherent uncertainty in the detailed scope of work, it may be difficult to persuade companies or individuals to name a price for the delivery of services which cannot readily be costed in terms of effort required, or disruption likely to be encountered. The level, style, consistency and accuracy of proactive disclosure will not, for instance be known in advance to bidders, making it difficult for them to estimate how much

time will be required to analyse specific data sets. Likewise, there may be uncertainty about the speed and completeness of reactive disclosure, making it difficult to schedule activities.

While a time-based contract may appear fairer, the risk to CoST is that time will be expended on matters (such as data collection, processing analysis) that may not be well focused, and so may not result in any fresh insights being gained.

It is for this reason that it is recommended that any CoST assurance contract includes a series of “hold points” that ensure close communication between the client and the contracted party, leading where necessary to periodic adjustment of the scope of work and related priorities. Whether the form of contract is time-based or lump sum, such an approach can serve to ensure that relevant focus is achieved, while costs are also controlled.

3.7 Invite bids

GENERAL PRINCIPLES

Whether or not a competitive process is being followed, it is important to obtain written proposals from the entity(ies) or individual(s) being considered as potentially providing the services. This:

- requires the preparation and approval of ToR that spell out CoST’s requirements in writing;
- makes the service provider think through how best to provide the required services; and
- facilitates subsequent accountability.

Though the detailed ToR will depend on the scale and scope of the exercise, some general principles apply in all cases. These include:

1. Ensuring clarity over:

- a. CoST principles and purpose;
- b. The fact that the assurance exercise must be conducted in a manner that is most likely to contribute to CoST’s broader purpose;
- c. What support will, and will not, be available from the Secretariat and the MSG;
- d. Administrative arrangements and timetable;
- e. Required nature and format of all deliverables; and
- f. Bid evaluation criteria.

2. Ensuring flexibility over details of methodology. It should be left to the bidders to think through and describe how they intend to generate the required deliverables. If the ToR provide a detailed methodology, bidders may repeat that back without properly understanding the differences between CoST and what they are familiar with, such as undertaking inspections or technical audits. CoST is different, and to be successful bidders need to demonstrate that they understand this.
3. Including hold points for the CoST manager’s involvement (on behalf of the MSG) in some key decisions. Only after the assurance process starts will there be increasing clarity over the issues likely to feature in the report. This requires close engagement with the CoST manager to help set appropriate priorities on an ongoing basis.
4. Framing the assignment to inspire and attract talent. CoST assurance is an opportunity for professionals from a range of backgrounds to contribute to cutting-edge insights into and reform of the sector. For most bidders this will be a learning process that fosters their personal professional development and in some cases the reputation of their company.

CONTRACTING ENTITY

Other than in unusual cases where it is a legal entity in its own right, the CoST Secretariat will not itself normally enter into contracts for the preparation of assurance reports. Rather, the contract will be with the host organisation, but will name the CoST Secretariat as the primary point of contact in representing the client during the execution of that contract. Though such an arrangement may have the advantage of giving CoST access to standard tender management processes as well as associated documentation, it will sometimes be necessary, in close consultation with the host organisation, to make adjustments to those processes and/or documentation.

EQUAL OPPORTUNITY

To help ensure that an appropriate mix of knowledge, skills and perspectives is brought to bear in its decision-making, the CoST Secretariat should keep records, and monitor the professional background, sex, age and disability status of those it employs and otherwise engages with. The focus is on ensuring equality of opportunity, to optimise access to the pool of talent. It is recommended that any ToR or similar documentation sent to prospective assurance professionals should include wording to the effect that:

“CoST is an equal opportunity organisation that seeks to draw on best available knowledge, skills and experience while treating all people fairly and with dignity and respect. We value diversity and competence, while opposing any form of unlawful or unfair discrimination.”

RISK OF MISUNDERSTANDING

Even when the CoST principles and process are clearly spelt out, it cannot be assumed that inexperienced APs will necessarily understand and correctly apply the CoST approach at first attempt. Every professional tends to see tasks in terms of what they are familiar with. Thus an engineer may tend towards making engineering judgements, a social activist may tend towards seeing mismanagement or lack of capacity in terms of power struggles, and someone with experience within government may see things in terms of official bureaucratic processes, irrespective of what is being achieved. Every AP must put those inclinations aside, guard against pre-judging motives and causes, and focus on the facts. In doing so, experience in the sector can help the assurance process identify and address areas of interest, but that focus must remain objective and follow the available evidence.

TIMETABLE

The time allowed for an assurance process is dependent on its scale, the ease with which data can be accessed, the level of detail and focus considered to be most appropriate, and the effort required to move from the initial draft to a version that is acceptable to the CoST Secretariat (and by implication the MSG) and capable of communicating the key issues effectively to all stakeholders. With some exceptions¹⁵, an assurance process would normally be expected to reach the draft report stage within about 3 months of the start of services. The duration may also be affected by the extent to which agreed delays are built into the process to allow for some aspects of feedback and consultation.

3.8 Evaluate bids

Bid evaluation is an important stage of the procurement process. This is not only to differentiate between different bidders, but also to achieve insights into what each bidder does, and does not, understand about the task at hand, and how they intend to conduct the exercise. For this reason it is important that a bid is prepared and evaluated, *including in the case of a direct appointment*.

The details of bid evaluation will vary with context, applicable regulations and approaches with which bidders are familiar, and with the level of experience gained by CoST in that setting. For this reason, this Manual does not include a definitive proposed marking scheme. Nevertheless some general guidance is provided as follows:

¹⁵ Such exceptions include at one extreme the straightforward assurance of a small number of simple projects, and at the other extreme a set of very complex projects and/or very large data sets.

STRUCTURED APPROACH TO THE BID EVALUATION PROCESS

Irrespective of the scale of the assignment or the procurement method adopted, the bid evaluation process used should be clear, well documented for CoST records, and consistent with the information provided in the invitation to bidders.

The CoST manager will typically carry primary responsibility for the bid evaluation process, albeit with the support of MSG members with relevant experience. As a matter of good practice, he or she should ideally invite at least one other person¹⁶ to evaluate the bids using the same marking scheme, before preparing a concise consolidated bid evaluation report. Such an approach serves to guard against the risk of mistakes in the evaluation (it is easy to inadvertently miss some information that has been provided) while also extending the number of people familiar with details of this important stage in the procurement process.

QUALITY AND COST BASED SELECTION

Because of the importance of quality, bids for the provision of consultancy services are typically evaluation through a Quality and Cost Based Selection (QCBS) method, whereby the quality of the technical proposal is evaluated independently of the associated cost. Financial proposals are submitted separately from technical proposals, and only opened in the case of bidders whose technical proposals have scored above a minimum quality threshold.

Details of the QCBS system being applied should reflect recognised good practice in the local context, and be clearly described in the ToR. Typically, however:

- The highest evaluated proposal is given a QCBS adjusted technical score (T) of 100; and - for those exceeding the pre-determined threshold for quality;
- The lowest evaluated financial proposal a QCBS adjusted financial score (F) of 100.

The QCBS adjusted technical and financial scores are each then derived on a pro-rata basis.

The weighting that is then applied between Quality and Cost considerations can vary. An 80/20 weighting is not uncommon, meaning that the results of the technical evaluation are given four times the weighting of the financial evaluation. The final QCBS evaluated score out of 100 for each bidder would then (in such a case) be calculated as: $\text{Total} = 0.8 * T + 0.2 * F$

EVALUATION OF TECHNICAL PROPOSALS

The evaluation of technical proposals should assign scores to the degree to which each bidder demonstrates:

- An understanding of the principles and purpose of CoST;
- The competencies (knowledge, skills and attitudes) necessary to take on the assignment;
- The capacity (available personnel, operating procedures and related internal quality management) necessary to deliver the required outputs on time;
- Clarity over the methodology to be followed;
- Innovation in achieving the stated objectives; and
- An overall good impression including clarity of structure and effective communication.

Provided the ToR have not been unduly prescriptive, such an evaluation can be expected to yield a significant range of scores, thus allowing the QCBS approach to work as intended in taking account of cost, while remaining focussed primarily on quality.

In the case of a direct appointment, the technical proposal provides a basis for constructive discussion with the candidate about how best to approach the assignment.

¹⁶ Possibly but not necessarily from the host organisation

EVALUATION OF FINANCIAL PROPOSALS

The evaluation of financial proposals essentially consists of comparing the prices quoted (in the case of a lump sum contract) or fee rates and associated schedule of inputs (in the case of a time-based contract). Other points of interest include:

- Acceptance or otherwise of the payment schedule specified with the ToR; and
- Clarity and consistency over the details over the payee and its relationship with whoever is undertaking the assignment.

3.9 Award contract

The bid evaluation process will in most cases result in the identification of a preferred bidder, after which the award of contract to that bidder should not be unduly delayed.

PREREQUISITES

It is nevertheless essential that, prior to contract award, all necessary steps have first been taken to ensure that the contract can proceed smoothly. These steps include:

1. Clarification and resolution of any issues arising during the tender evaluation process;
2. Confirmation by the participating PEs of its full awareness of the planned assurance process, and its readiness to facilitate access to data, documents, stakeholders and construction sites as necessary;
3. Adjustment where necessary by the bidder of any aspect of the implementation approach or programme, and acceptance of that revised documentation. This will constitute an important reference document during contract implementation;
4. Clarification of all administration arrangements, including regarding quality management, division of responsibility and accountability between team members, invoicing and payments; and
5. Availability of all the necessary resources.

Some of these listed activities entail close communication between CoST and a private entity. As such they are open to the risk of abuse, whether actual or perceived. For this reason it is recommended that:

- An agreed written record is kept of each such communication, and added to the project file, which is available to MSG members; and, where possible
- More than one person participates on behalf of each party in any negotiation that may be required.

NO PREFERRED BIDDER

In some cases, no preferred bidder will emerge from the evaluation of assurance proposals. This may be because:

- No technical proposal achieved the necessary technical score; or
- Evidence came to light that cast doubt on the integrity of the evaluation process. This could for instance arise if credible information is received suggesting a hidden conflict of interest, or improper practices that otherwise distort the competitive environment.

In the case of the former, it may be necessary by agreement to extend the specified time delay between bid evaluation and contract award, and ask one or more bidders to improve their bids. In the case of the latter, it is possible, depending on the precise circumstances, that the entire tender management process will have to be cancelled, then relaunched after necessary corrective action has been taken.

NO CONTRACT AWARD

Even if the bid evaluation process has identified a preferred bidder, there are some circumstances in which the contract should not be awarded. These include:

- The funds are no longer available to pay for the assurance services; or
- The assurance services are no longer necessary. This could potentially arise if for instance the planned activities are found to form part of a previously unknown assignment for which others are, or will be, responsible.

3.10 Manage contract

Contract management is arguably the most important stage of procuring assurance services. Particularly when those undertaking the work are doing so for the first time, the leadership shown by the CoST manager can have a marked effect on the quality of the output and hence outcome.

Such leadership should be:

- Based on what is contracted, but not unduly contractual in approach;
- Supportive, and aimed at working together in pursuit of a shared objective;
- Responsive to concerns raised and challenges encountered; and
- Consistent, persistent and insistent on issues related to the application of CoST principles and related quality management.

An important feature of managing a contract for CoST assurance is to make it as easy as possible for the contracted party to undertake the assignment in an optimal manner. This entails:

- Facilitating access to data, documents, people and sites;
- Maintaining close communication so that issues arising at designated hold points do not come as a surprise, making it much easier to jointly identify the appropriate action in terms of adjusting the scope or the emphasis of activities;
- Ensuring that valid invoices are promptly approved and paid.

3.11 Learn Lessons

Approval and settlement of the final invoice for provision of assurance services is not the end of the procurement process. The final stage is to review each of the previous six stages and consider what went well, what could have been done better, and whether as a result lessons can be learned that could lead to improvements in future. Such lessons should ideally be included in a concise report prepared by the CoST manager at the end of the procurement process, presented to the MSG, and also made available to the International Secretariat.

4. Activities of assurance team

4.1 Introduction

Chapter 3 looked at assurance from the perspective of the services being procured by the MSG with the support of the CoST manager, the secretariat and any host organisation. In this chapter the focus turns to the work of the APs and the activities they are required to undertake.

Where possible, such activities are described in terms of step-by-step processes. While this will be of particular value to less experienced APs, they should not necessarily be rigidly applied, but should be adapted where necessary to suit the context. Likewise, some of the activities described will themselves be more, or less, significant depending on the circumstances, as will the degree of interaction called for between the AT and the CoST manager in making decisions.



An assurance site visit in Afghanistan

Typical variables affecting the context in which assurance takes place include:

- Maturity of the programme;
- The extent to which open budget, open data platforms, e-procurement and related transparency and stakeholder engagement is already institutionalised within the sector; and
- The capacity of each of the stakeholder groups, and the level of trust that exists between them.

CoST experience suggests that it can be relatively straightforward for new programmes to institutionalise proactive disclosure, because open budgets, open data platforms, e-procurement and related improvements to the tender management process have already been accepted as being the norm, and so are to some extent institutionalised. This in turn greatly facilitates subsequent assurance.

The approach described in this chapter is based on the ideal scenario where proactive disclosure occurs routinely and at scale, where the capacity of PEs to disclose data is to some extent established, and where civil society and others are to some extent capable of making effective use of assurance reports. In cases where such capacity is lacking, a simpler and more limited approach is justified, as a stepping stone to the more mature programme described.

4.2 Identify areas of likely interest

From the outset, the AT should determine a provisional, albeit tentative and as yet unsubstantiated, view as to likely areas of interest and concern. Drawing on the professional experience of team members, this will also be informed by:

- Informal consultations with those associated with some of the sectors or projects under consideration, or with similar projects;
- Media coverage of the projects; and, more generally the
- Reputation of the companies, departments and individuals involved.

Further pointers and advice may be provided (through the CoST manager) by MSG members. The resulting insights may be interesting, but should only be used to help focus the collection and analysis of data. No rumours or allegations should be included in the report, every aspect of which should be founded on objective evidence, and presented in as objective and non-judgemental a manner as possible. It is important to be aware that even when there is a factual basis for concern, the underlying reasons behind those facts may not be as clear cut as some may be inclined to believe.

A further more structured means of identifying areas of interest is to make use of a simple tool that can help identify weaknesses in any of the factors that give rise to good performance, namely, as illustrated in Figure 5, Capacity, Accountability, Trust and an enabling institutional and legal Setting.

If any one of the 12 sub-drivers of good performance listed in this Figure is weak or absent, then that becomes instead of inefficiency, mismanagement, and corruption risks.

A simple Excel-based tool is available to help identify such weaknesses, and hence risks. This is achieved through simple interviews with one or more stakeholders familiar with the context in which the project is being procured. Further details of the tool are presented in Annex 2. The tool forms one sheet of a broader workbook, and includes an example of its use.

A further stage of identifying areas of likely interest may be appropriate following the sampling process described in 4.4 to identify projects for in-depth review.

4.3 Check completeness and accuracy of disclosed data

In ideal circumstances, proactive disclosure consistent with the CoST IDS or the OC4IDS should be firmly established by participating PEs before any assurance is commissioned. Though this may not realistically always be the case in practice, assurance should ideally not be viewed as a substitute for other measures that could and should be taken by CoST to help establish PE's good practice in disclosure.

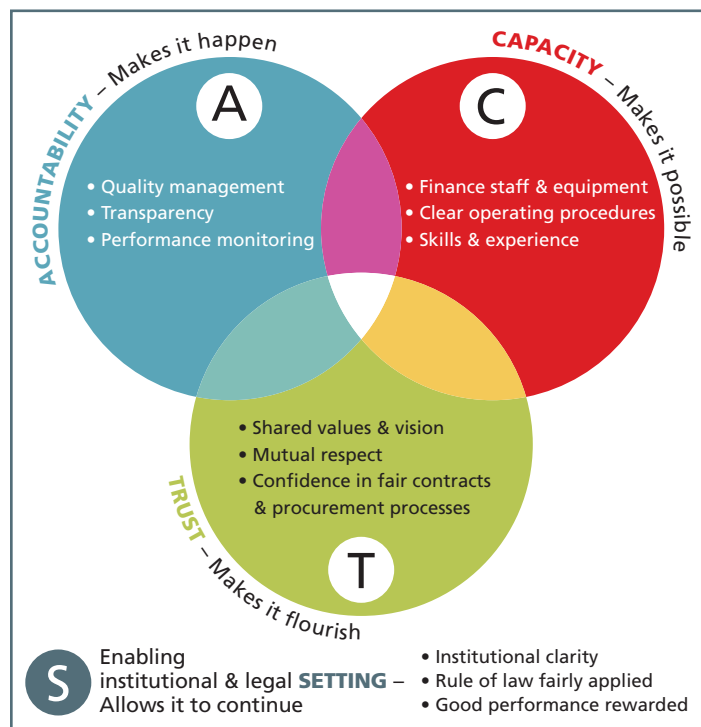
It is recognised that situations can arise when the only effective option facing a CoST programme is to accept that "proactive" disclosure only occurs within the context of a specific assurance process agreed in advance with the PE(s). In such a situation, the aim should be to undertake such assurance in as professional, constructive and effective a manner as possible, while continuing to make what will be an increasingly strong case for genuinely proactive disclosure.

COMPLETENESS OF PROACTIVE DISCLOSURE

Whether at the level of entire programmes or sectors, or of a limited number of projects, the first stage of assessing the completeness or otherwise of proactive disclosure entails going through the list of 40 such items, and ascertaining whether, where and how they are currently being made public.

This check on proactive disclosure is intended to evaluate what data are already being disclosed. It is therefore important that the evaluation is not distorted through pressure on PEs from the AT or from CoST to undertake disclosure that would not have happened were it not for the assurance process.

Figure 5: Key drivers of good performance



A simple Excel-based tool is available to help record both the details and the completeness of proactive disclosure, while also documenting the nature and ease of access of such disclosure, and calculating % disclosure rates. Further details of the tool are presented in Annex 3. The tool forms one sheet of a broader workbook, and includes an example of its use.

DISTINCTION BETWEEN PROJECT LEVEL AND CONTRACT LEVEL DATA ITEMS

Because there are generally multiple contracts¹⁷ associated with a project, the tools presented in Annexes 3, 4, 5, 6, 9 and 10 each distinguish between project level data, and data that relates to specific contracts. In order to make an overall assessment of disclosure rates for a project, normal practice is to combine the project-level data with that from the main works contract. Assessments of other contracts can then be reported separately.

ACCURACY OF PROACTIVE DISCLOSURE

The nature of the assessment by the AT of the accuracy or otherwise of the disclosed data depends on the scale of the exercise. In the case of large data sets, it will be necessary to undertake this assessment on a sample basis.

Such assessments rely on either:

- comparing disclosed data with data obtained from some other source; or
- considering what has been disclosed and deciding for some other evident reason that it is deficient.

For the former (comparing with data from other sources) additional sources might include: official press releases; contractually significant documents such as specifications, works programmes, and related management plans; technical and financial progress reports; and observations made in the course of site visits.

Examples of the latter (other evident reason) may for instance arise when disclosed data itself is evidently out of date, or not realistically possible.

As with any aspect of assurance, it will not be realistic for the AT to conclude with 100% certainty which data items are, or are not, accurate. But obvious discrepancies should be highlighted, and the experience and insights of team members the team should be brought to bear to ensure that key aspects of data are checked against other sources.

A simple Excel-based tool is available to help record the perceived accuracy of proactive disclosure. The tool categorises the accuracy as being either “Plausible”, “Inconsistent”, or “Implausible”. Further details of the tool are presented in Annex 4. The tool forms one sheet of a broader workbook, and includes an example of its use.

OVERALL ASSESSMENT OF PROACTIVE DISCLOSURE

An overall assessment of proactive disclosure should be informed by the data on completeness and accuracy as detailed above, but also consider the bigger picture of the implications of such data. Such an assessment should highlight any relevant insights including:

- instances where % disclosure rates may appear high, yet key data points (such as the contract value, the nature and location of the infrastructure, or the name of the contractor) are missing or unclear;
- examples of good practice that could be adopted by others; and
- cases where there are evident challenges to be addressed in order to improve the completeness and accuracy of disclosure. These may for instance include specific capacity constraints, a lack of clarity in the administrative authority of officials to disclose, or an underlying lack of political mandate to disclose.

As a result of this assessment, the AT may ask the PE to provide missing data, or to resolve any apparent inconsistencies.

¹⁷ These include Feasibility Study, Design, Works and Site Supervision. On larger projects there may be more.

Depending on timing constraints and other factors, this exercise may take place before, during or after the process of identifying a sample of projects for in-depth review.

A simple Excel-based tool is available to help record the PE's response in providing missing data or responding to any apparent inconsistencies. Further details of the tool are presented in Annex 5. The tool forms one sheet of a broader workbook, and includes an example of its use.

4.4 Identify a sample of projects for in-depth review

Though some high level analysis of large data sets may be appropriate, it will be neither possible nor desirable for the AT to consider in detail each individual project that is subject to CoST disclosure. Nor would it be desirable to make an arbitrary decision as to which projects should be subject to further study in the form of assurance. In order to avoid any risk or appearance of impropriety, such a decision should:

- be taken in an objective manner;
- follow a methodology that can readily be documented, and is then summarised in the assurance report; and
- be approved by the CoST manager on behalf of the MSG.

From the outset, there must be clarity over the resources likely to be available for assurance, so that there is a general indication of the likely number and mix of projects to be selected.

The introduction of a random element into the selection process is important, as a means of ensuring that any project could potentially be subject to assurance. However, because the sample size is likely to be small in relation to the overall number of projects subject to disclosure, there is a risk that a completely random selection would fail to include a broad representation of project categories in terms of:

- Scale;
- Sector;
- Administrative level of responsibility; and
- Geographical location

In order to avoid such a risk, the random selection process needs to be tailored to avoid skewing the overall balance of projects. Thus if the first randomly selected project is a medium-size urban water project in the north of the country, then all other projects matching that descriptor should be excluded from consideration in subsequent rounds of selection.

The random function¹⁸ in Excel can be used to help make the random selections. In order to keep a record of the process, the random numbers generated should be copied and then pasted as values, as otherwise they will change each time the worksheet is updated.

In addition, some account may reasonably be taken of any issues or concerns arising from any prior high-level analysis of disclosed data. The primary purpose of including one or more projects on this basis would not be to "investigate" a specific issue or concern in order to apportion blame, but rather to gain a better understanding of its underlying nature and cause.

More generally, care should be taken to guard against the risk that CoST assurance comes to be seen primarily as a tool for checking up on specific projects¹⁹. Such a function generally falls within the remit of existing government audit or investigative bodies. CoST's role is to facilitate and strengthen those functions and not to duplicate or otherwise undermine them.

¹⁸=RAND() returns a random number between 0 and 1. Combined with the sort function, this can readily be used to achieve a random selection from a given set of rows.

¹⁹Such an attitude by government is understandable, and it may at times be acceptable for CoST to be seen to be functioning in such a manner. However, it should not be allowed to become the norm, as this would have the effect of undermining the potential of CoST to add value in a more strategic manner.

In order to retain CoST's objectivity while remaining responsive to public concerns (which may or may not have any basis in fact), it would be appropriate to devote a relatively small proportion of assurance effort on projects of particular interest to the public, while selecting most of them randomly while taking account of pre-determined sampling criteria as described above. This is illustrated in Figure 6.

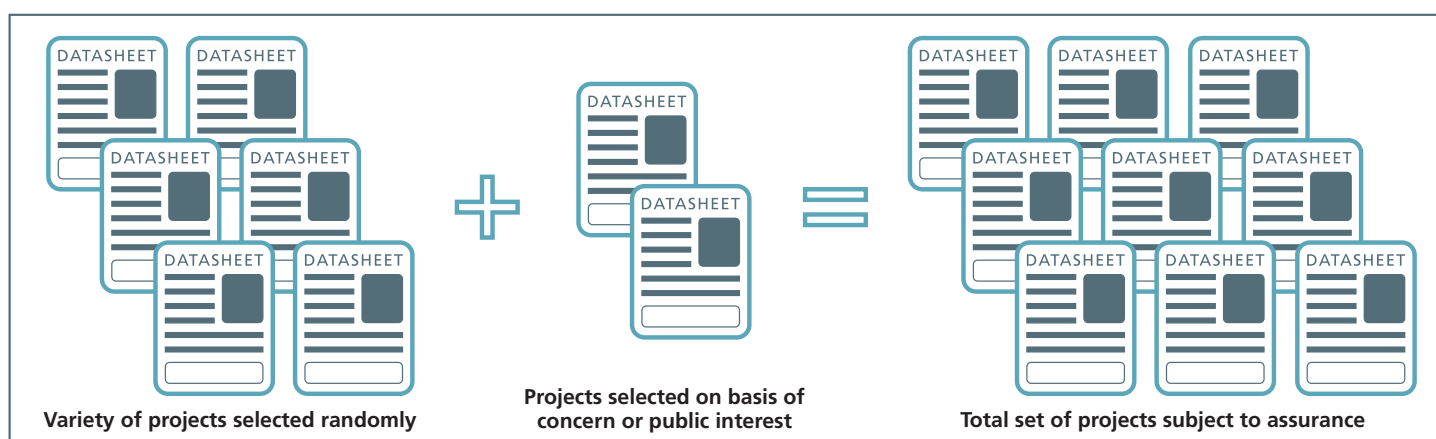


Figure 6: Identification of projects for assurance

A possible exception to the sampling approach described above can arise in the case of a new CoST programme where a primary consideration is to secure support for assurance from sceptical or otherwise concerned stakeholders. In such circumstances it may be appropriate to hand-pick projects for assurance in order to meet specific confidence-building criteria.

4.5 Request missing data and additional information

REACTIVE DISCLOSURE

CoST assurance considers three distinct categories of reactive disclosure. These entail response by the PE to requests for disclosure of:

- CoST IDS/OC4IDS data that should have been disclosed proactively, but were missing;
- CoST IDS/OC4IDS reactive disclosure data; and
- Additional information considered by the AT to be of interest.

The first of these has already been addressed under the foregoing reference to reviewing proactive disclosure.

Most of the reactive disclosure items in the IDS are reports or other documents, unlike the more specific data points that characterise proactive disclosure. The relevance and hence value of any such document can depend heavily on whether it is the most recent version. In some cases, such as with works programmes, which may form part of contract amendments as well as of the original contract, it may be relevant to ask for all versions, in order to help understand the reasons for any such amendments. For these reasons it is important that:

- Where applicable, the version number and date of any disclosed document should always be noted; and
- When there may be multiple versions of an item listed in the CoST IDS, the request should clearly specify which version(s) is/are being requested.

CoST IDS REACTIVE DISCLOSURE DATA

A simple Excel-based tool is available to help record the status of reactive disclosure based on the CoST IDS, documenting the timing of such disclosure, and associated % disclosure rates. Further details of the tool are presented in Annex 6. The tool forms one sheet of a broader workbook, and includes an example of its use.

Additional disclosure

It is very common for additional data or other relevant information about a project to be made available to the AT during the course of the assurance process. This may for instance arise:

- in the course of an interview with one of the stakeholders; or
- in response to a specific request for further information that goes beyond the CoST IDS.

In such circumstances it is important to respect the distinction between:

- data that stakeholders have agreed will be disclosed to the public; and
- data or information that may be disclosed to the AT, but should not necessarily be made public because to do so would betray trust or otherwise be incompatible with CoST's approach.

A commonly encountered example of this latter category is the priced bills of quantities associated with bids, and (in the case of the winning bidder) in the eventual contract documents. These can be seen as commercially confidential documents that should not be made public, as they reflect specific insights and experience of individual bidders. However, they may in some cases also reveal red flags suggesting a risk of collusion between the designer (who calculated the quantities) and the bidder (who priced them). Should this arise, the assurance report should not reveal any details, but could reasonably draw attention to the fact that the data gives rise to a red flag that does not necessarily indicate anything improper, but may warrant further study by the relevant competent authority.

4.6 Visit sites to observe progress and ask questions

OFFICIAL MANDATE FOR VISITS

It is important to make a distinction between official CoST assurance visits, which are mandated by the MSG and agreed in advance by all stakeholders, and *ad hoc* monitoring functions in which anyone may be engaged in their capacity as a citizen or other stakeholder. CoST is not responsible for or directly involved in the latter category, though may provide relevant guidance and advice about relevant good practice. In keeping with CoST's collaborative and constructive approach, such guidance would include how such monitoring may best be conducted in an appropriate manner that respects and where possible supports applicable accountability mechanisms and safety protocols.

PARTICIPATION

A CoST assurance site visit should ideally be welcomed by both the client as the contractor as an opportunity to add value to existing management systems. Everyone representing CoST on such a visit should therefore be capable in some manner either of:

- contributing to this objective in some way by asking pertinent questions or making relevant observations; and/or, without in any way wasting the time of the other parties; or
- gaining fresh insights into underlying processes and any associated problems.

Non-CoST participants should likewise normally be limited to those with a clear relationship with the project. This typically includes;

- The PE;
- The contractor; and
- The supervising engineer.

Depending on the details of the contract and applicable regulations this may also include representative of:

- other government agencies (such as Audit, or Environmental Protection); and
- affected communities and other beneficiary groups.

As a general principle, no-one should participate in a CoST assurance site visit unless they can demonstrate prior informed engagement, as their involvement would otherwise risk detracting from the primary objective of the exercise. This principle can be relaxed in cases where all parties agree that one or more people may participate as observers.

Even if engagement with affected communities (where they exist) is not a requirement of the applicable regulations, the CoST assurance process should where appropriate nevertheless take steps to understand community perspectives on the project, bearing in mind that those perspectives may not be consistently held. Further advice on setting up and conducting community meetings is contained in CoST's forthcoming guidance on Social Accountability.

Though distinct in both nature and purpose from any associated site visit, such meetings may be programmed either before or after an assurance site visit, in order to take advantage of professionals representing CoST being in the project area.

PURPOSE

The purpose of site visits is not to make judgements, or to implement some form of contract management system or external audit, each of which are the responsibility of others. Rather, a site visit should provide an opportunity for the AT to further strengthen the assurance process by acquiring additional factual information. This is achieved through:

- Comparing what is expected (based on reports, and known facts about the contract) with what is observed; and
- Asking questions of the contractor, the supervising engineer, and (if they participate directly in the visit) the PE and other interested parties.



An assurance site visit

Some CoST programmes have developed detailed tools to help the AT ask questions and conduct interviews in a structured manner. Such tools carry risks as well as potential benefits. The risk is that assurance will become unnecessarily broad and overlap or undermine existing functions. The benefit is that it is important for the sake of consistency and completeness to conduct both site visits and interviews in a structured manner. The recommended balance between these extremes is that the AT should prepare for, conduct and keep records of interviews and site visits in a structured manner, but determine that structure itself, in light of its own findings. As part of that process, reference can be made to questionnaires and other tools used in different CoST programmes, while remaining alert to the risks of adopting such tools in their entirety.

The inclusion of site visits within a CoST assurance process can be particularly helpful in the case of ongoing projects. However, they also introduce risks that need to be guarded against, including of being perceived as:

- Interfering in or delaying ongoing site management functions and/or undermining progress;
- Providing an endorsement of a project on the basis of what can realistically only be a superficial visit; or
- Giving rise to unfair criticism of a project.

In order to maximise the prospects for success, and mitigate such potential risks, it is important that thorough and detailed preparations are made before any official CoST assurance site visit.

PREPARATION

As detailed above, preparation for a site visit starts with being clear about its purpose. In addition it is important that the APs, with the support of and in consultation with the CoST Manager:

- are familiar with the basic features of the contract. This means studying any available information about what should be happening, in terms of location, construction standards, scope, drawings, works programme, reported progress and any known environmental and social commitments entered into by the named contractor;
- obtain or develop any necessary tools, including relevant checklists and forms and other stationery;
- prepare to make use of a camera, as part of the process of letting facts speak for themselves. This entails checking that the date and time are set correctly, that they will if possible appear as imprints on the images, that there are enough spare batteries and that adequate storage space is available. Many smartphone cameras now have the option of embedding approximate GPS location data in the jpg file. If so, that should be activated;
- pack any necessary Health and Safety equipment, including a high visibility vest, and adequate drinking water for the duration of the visit. On official visits the high visibility vest may display a reference to CoST;
- are prepared for the remote possibility of it being appropriate to take basic measurements. Though it should not generally be necessary (and may often be inappropriate) to do this as part of an assurance process, situations may arise when there is reason to doubt whether a particular dimension, or temperature, is in accordance with what is specified in the contract. In such circumstances, the recommended approach is simply to ask the contractor to clarify what is specified, and whether that is reflected in what is being observed. If the response to this question is not clear, or not credible, then it would be reasonable to politely ask whether it could be (jointly) checked; and
- determine whether interpretation services may be necessary.

Such preparations should ideally entail close communication with the PE in order to respect and maintain the sense of common purpose, while ensuring that representatives of all relevant stakeholders are fully informed about the visit and can participate as appropriate.

Only by preparing well will it be possible for the AT to avoid the risk of being perceived as ill-prepared visitors whose presence on site takes up valuable management time and effort that could otherwise have been focussed on the project.

GENERAL CONDUCT

As with any official CoST activity, part of the objective should be to contribute towards CoST being viewed as a trusted partner. This means focusing on asking simple but well considered and pertinent questions, while avoiding making technical judgements, and in the process always being:

- polite;
- professional; but nevertheless
- persistent and focussed.

Whatever the findings, a well conducted assurance site visit should result in the contractor, the supervising engineer and the PE each viewing CoST, and the assurance process, in a positive light.

4.7 What to look out for during a CoST site visit

LINES OF ACCOUNTABILITY

It is always important to be aware of who is responsible for the management of any operation that is being observed. If it is a subcontractor, it is reasonable to ask for details of the company, while bearing in mind that the main contractor still retains ultimate responsibility. If any information is withheld, that fact should simply be recorded. It is better to focus on a small number of important and definite observations than to try to complete all aspects of every possible checklist.

PROGRESS

The initial focus should normally be on monitoring physical progress. If the contract management system includes some form linear progress monitoring tool, and if the site layout (including chainage marks in the case of a road project) is well marked, then it is a straightforward matter to compare what is observed with what has been reported.

An example of a Linear Progress Monitoring Tool is presented in Annex 7 and [can be downloaded here](#). This is not intended as a tool for use by the AT. But such tools can greatly facilitate project management, and if this, or a similar tool, is in use, then it would be helpful for the AT to have access to it.

Likewise, at a higher level the financial progress on many projects is monitored through the use of an S-curve, where the x-axis is time, and the y-axis is progress, typically expressed as either % physical completion or as the % financial cost of approved works²⁰. As the precise details of approach can vary between contract administration systems, it is important for assurance purposes to understand and respect recognised good practice, and make use wherever possible of existing systems.

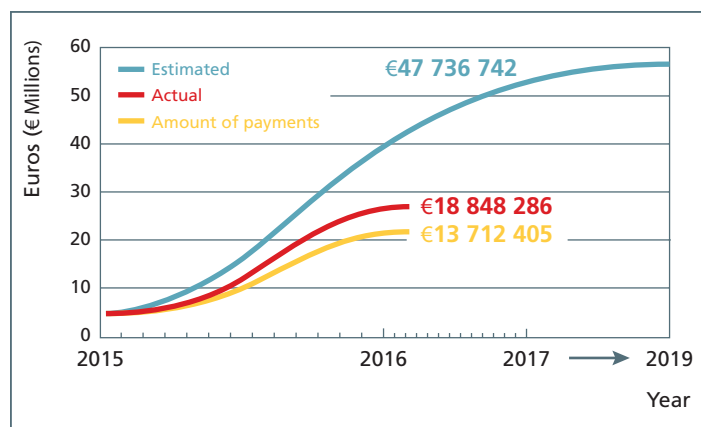


Figure 7 Use of an S-curve to monitor progress and payments

When the use of an S-curve is part of the contract management system, it can be a useful tool to help focus any discussion about progress. If the latest S-curve has not been made available in advance of the visit, it may still be possible to ask for it during a meeting in the site office. A typical S curve allows a ready comparison between the intended rate of progress according to the original contract, and the actual progress. It may also be revealing to show both the value of what has been approved for payment, and the actual payments made. Figure 7 illustrates a case of a project that had been suspended.

²⁰ Though financial progress serves as a useful proxy for technical progress, it is not a precise equivalent, as a result of advance payments, payments for materials on site, and other contractual provisions that may apply.

When studying an S-curve, it is important as always to focus on agreed facts, and not jump to conclusions. Project delays may for instance be caused by the client (lack of budget, or delayed approvals), the contractor (delayed mobilisation) or neither (unforeseen ground conditions). And it is not uncommon for actual S-curves to initially lag behind what is shown in the contract, but to then catch up quite markedly as the contractor eventually achieves an efficient mobilisation of adequate resources.

QUALITY

An important principle of CoST assurance is never to make a *direct* comment about the quality of infrastructure. This is because an AT inevitably lacks the resources and knowledge to do so in a thorough manner, and risks (one way or the other) making judgements that are likely with hindsight to prove shallow.

When reporting on quality-related issues, it is important to stick to verifiable facts, and wherever possible focus on underlying systems and procedures rather than on specific defects observed. Legitimate questions, the answers to which may already have become known prior to the visit, include such basic items as:

- The name of the individual responsible for quality management (both for the construction functions (the contractor) and the supervision functions (the consultant, or the government engineer);
- The date of the latest quality plan (in each case);
- The location of various records including those related to the delivery of materials, testing regimes etc; and
- Typical reported pass rates for Requests for Inspections (RFIs)²¹

Without making technical judgements, it is nevertheless important to look out for issues *indirectly* relating to quality, particularly where quality has already been identified as a potential issue of concern. Indirect indicators related to quality management include evidence of *systems and procedures* concerning:

- **Materials.** On many sites, it is possible to observe factors related to the storage, protection and quality of materials, such as cement. It may also be possible to observe and make a note of the nature and source of any materials used that have been hauled from a quarry or a borrow-pit;
- **Methods.** It can be a simple matter to gather evidence of the systems that a contractor has in place for performance and quality management. The use of pegs, lines and levels, and evidence of on-site direction and guidance and direction are positive indicators. Idle equipment or operatives, and disjointed or unsafe working practices are negative indicators. The presence or otherwise on site of the supervising engineer (or equivalent) and support staff should be noted.
- **Results.** Evidence of defects being identified and corrected are of particular interest, as this indicates that systems are working as intended. It is important to clearly understand that the contractor is responsible for quality management of the works, and should not be relying on the supervising engineer to inspect elements of the works until the contractor's own records indicate compliance with the contract specifications.

Depending on the nature and standard of the works, specifications may focus on the methods followed (method specifications), the results that need to be achieved (results specifications), or a combination of the two. Without knowing what the requirement is, the AT will not be in a position to observe whether appropriate procedures are being followed as per the contract.

²¹ An RFI is the means by which the contractor asks the supervising engineer to check on specific works that, in accordance with the contractor's own quality management system, should meet the requirements specified in the contract.)

IMPACT ON LOCAL COMMUNITIES

In cases where an Environmental and Social Action Plan (ESAP) forms part of the contract, this provides a further ready basis for making observations and asking pertinent questions. Even when an ESAP as such is not in place, it is important for the AT to be aware in advance of applicable regulations concerning:

■ **Mechanisms (if any) for community engagement:**

- During planning and preparation including;
 - ensuring that everyone's voice is heard and perspective understood;
 - identifying potential "complementary interventions"²² that would add value to the infrastructure investment;
- Prior to the start of works, including ensuring:
 - equal opportunity during recruitment; and in rare cases where significant relocation is called for:
 - in the preparation of resettlement action plans.
- During implementation, including in relation to relevant aspects of environmental and social protection, labour standards and site safety, as detailed below.

■ **Environmental and social protection measures, including but not limited to:**

- Balanced earthworks where possible;
- Protection of water courses from pollution;
- Erosion protection measures including bioengineering;
- Mitigation of dust, air pollution, flooding and noise impacts; and
- Reinstatement of borrow pits, including with prior agreement as a community facility.

■ **Labour standards, including but not limited to;**

- Equal access to employment regardless of ethnic origin or sex;
- Prohibition of child labour;
- Prohibition of repeat casualisation of labour;
- Provision on site of clean drinking water and suitable toilet facilities; and
- Prompt and accurate payment in accordance with legally compliant contracts.

■ **Site safety, including**

- Designated officer responsible for site safety.
- Provision of safety equipment (boots, visors, helmets as appropriate);
- Traffic management (particularly in the case of road projects)
- General training in site safety;
- Protection of site from unauthorised access;
- Provision of first aid posts with trained responders; and
- Associated record-keeping.

If some of the above provisions do not feature in the contract (or indirectly through other applicable laws and regulations) but are raised as concerns by community representatives or members (or noted as observations during a site visit), then the AT may report on this fact, while acknowledging that the contractor is under no obligation to (and in some cases arguably should not) go beyond the provisions of the contract. Instead, the focus of any resulting recommendations would be to bring contractual provisions in line with recognised good practice, to the benefit of all.

²² Though the term Complementary Intervention is increasingly used, particularly in relation to UK-supported programmes, within the context of public infrastructure planning, an equivalent approach may also be described using alternative terminology.

APPROPRIATENESS OF PROJECT AND ITS DESIGN IN MEETING DEFINED NEEDS

CoST assurance does not extend to conducting a formal review of project planning, preparation and design. Nevertheless, in addition to assessing in general terms whether what is seen during the site visit reflects what is specified in the contract, the AT may identify potential shortcomings in the project preparation process, the design, or indeed the contract itself. This may relate to any consideration, but is typically focussed on the extent to which the interests of tax-payers and needs of end-users have been taken into account and recognised good practice brought to bear in:

- Feasibility studies and impact assessments;
- The design of the infrastructure (including climate adaptation where appropriate);
- Tender management processes (including contract packaging and the identification and removal of significant barriers to market entry);
- Recruitment processes (including measures to support equality of opportunity); and
- Contract implementation (including associated record-keeping).

Such matters, should they arise, should not be allowed to put pressure on those who are simply doing their job in accordance with applicable procedures or contracts. Rather, if of a substantive nature, they should be sensitively raised at the appropriate policy level, with a view to potentially identifying recommendations that are likely to be seen by all parties as both relevant and realistic. In doing, APs should be mindful of the possibility that such recommendations are already under consideration by the PE or Ministry.

4.8 Reporting on a site visit

The AT should maintain a record of key aspects of every site visit. These should wherever possible follow a standard pre-determined structure, and primarily consist of a record of simple repeatable observations that are:

- Factual, stating what was observed, and not straying into assumptions and/or judgements;
- Precise, including relevant details such as the time, the weather (including temperature if potentially extreme), the exact location, as well as any other specific observations, or possibly measurements, made. Such measurements will not generally warrant direct reference in the assurance report, but could potentially prove relevant at a later time;
- Concise, avoiding text that dilutes the core message, and including photographs if possible; and
- Verifiable, in that someone else could reasonably be expected to make the same or similar observations.

These records should include concise minutes of any structured meetings undertaken as part of each site visit, including the names and positions/functions of meeting participants.

Concise summaries of relevant aspects of site visit reports would typically be included as Annexes to the main assurance report.



A site visit in El Salvador

4.9 Generating additional data based on assessments

During the course of the assurance process in general, and the site visit in particular, the AT will generally gain access to further detailed evidence that goes beyond the specific data points of the IDS or OC4IDS. Generated in the course of interviews with stakeholders, the study of reactively disclosed documents and observations made on site, this will help fill knowledge gaps, and thus contribute to an accurate and compelling narrative about factors affecting project performance.

As with any data that informs an assurance process it is important that it is objective and factual. In some cases however the underlying data that is subsequently analysed will need to be generated through an assessment made by the AT, rather than directly through disclosed data points.

STRENGTH OF SPECIFIC MANAGEMENT PROCESSES

Examples include, but are not limited to, the assessment of the strength of processes in place supporting:

- Quality Management;
- Environmental and Social protection; and
- Health & Safety.

For each of these, it is generally possible for the AT to make an objective evaluation that is replicable at project level, and sufficiently consistent to be of value when others later make use of assurance reports to evaluate change.

A simple Excel-based tool is available to make such evaluations. An overall score is built up from a series of simple assessments, based on simple but specific “traffic light” criteria of whether compliance with relevant standards is high, medium, low or absent. Further details of the tool are presented in Annex 8. The tool forms one sheet of a broader workbook, and includes an example of its use.

ASSESSMENT OF COMPETITION AND OF BARRIERS TO MARKET ENTRY

As one of the CoST IDS and OC4IDS data points, the “number of firms tendering” provides an indicative measure of the level of competition that exists. This is however an imperfect measure, as it does not take into account the quality of bids, other barriers to market entry that may exist, or the fact that, unlike in some other sectors, a very high number of bids is undesirable in the case of most construction projects²³.

In the course of its work, the AT will in some cases gain insights into the nature of the market, and of the existence or absence of barriers (whether official or hidden) to market entry. These should where possible be captured and included as a standard item in an assurance report. Specifically, the report should include a brief comment on:

- Whether there is any evidence of established companies that had previously only worked for private sector clients:
 - Deciding to start bidding for public infrastructure projects with a specific PE;
 - Being successful in doing so.
- Other evidence of
 - Existing market dominance by a small number of companies;
 - That dominance being successfully challenged by other companies.

²³ This is mainly because a well-prepared tender is expensive as the result of the need for a site visit and detailed consideration of a complex work programme. If there are many bidders, there is a risk that on the one hand that bidders will not prepare properly, and then be taken by surprise should their bid be successful, or on the other hand prepare well, meaning that the client is ultimately (indirectly) incurring very high costs for the preparation of bids.

4.10 Turn data into compelling information

GENERAL APPROACH

By this stage the AT will have at its disposal a wealth of data from multiple sources and will need to decide where to focus the limited time available for its analysis. This decision will be informed by:

- the availability or otherwise of large sets of seemingly robust data which can readily be analysed to look for patterns, discrepancies or insights;
- the process of studying apparent inconsistencies between different sources. This can often give rise to helpful insights. The starting point in any such analysis should always be an assumption that the apparently inconsistent data in fact reflects alternative valid perspectives on the same situation.

While these are important considerations, care should be taken to avoid the risk of being distracted by analytical tasks that are unlikely to give rise to or support clear recommendations that, if expressed carefully, are likely to be supported by all stakeholders.

TIME AND COST DEVIATIONS

Though every item of disclosed data could potentially warrant detailed analysis by the AT, those related to time and cost deviations are of particular interest to all stakeholders so would normally be included as a standard part of assurance analysis.

In the case of completed projects, this is relatively straightforward, as all the necessary data items are included in the CoST IDS and OC4IDS. For ongoing projects the situation is more complex, so need so be handled carefully in order to ensure clarity and consistency of approach.

As explained in Section 4.7, it is particularly important for the AT not to rush to judgement regarding apparent deviations of time or cost of ongoing projects. The standard CoST approach requires:

- in any analysis, a distinction to be maintained between summary data for completed projects (for which the time and cost deviation data are likely to be relatively robust) and ongoing projects (for which data is less certain and subject to change over time);
- For ongoing data, not to equate time and cost deviations to date with what can be expected at the end of the project, as these can in practice be completely different. Rather, the time and cost figures that are compared with the original projection should be based on the latest official data, as contained in the latest approved work programme at the time of assurance, and the latest associated final projected cost.
- A clear distinction to be made between time and cost adjustments that are in accordance with the contract, those that are not. The former category includes, but is not necessary limited to, agreed variations to the scope or duration of the works, and the effects of price escalation clauses in the contract. The latter includes, but is not limited to, cases where variations are made without following due procedure, or where the scale or scope of such variations go beyond what is permitted in the contract

Some instances of cost or time deviation are the result of factors external to the contract. If for instance a consultant has been appointed to administer the contract and supervise the works, then that contract will need to be adjusted and possibly increased in value if it is agreed to extend a contractor's work programme, even if that extension has no direct associated cost implications.

PRESENTATION OF INFORMATION

Two examples of simple but compelling information are presented on the next page as Figures 8 and 9.

The impact can be undermined even by seemingly minor shortcomings in internal quality management.

Figure 8: Geographical allocation of road maintenance budget

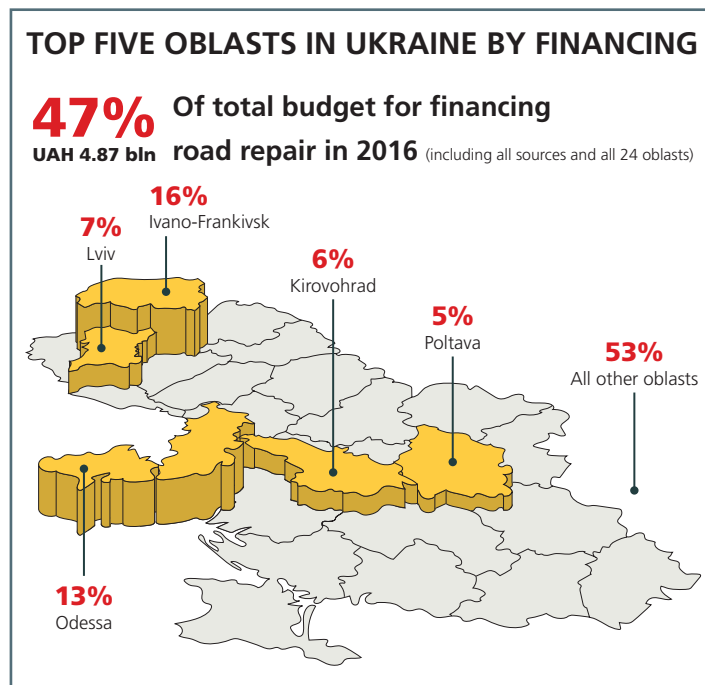
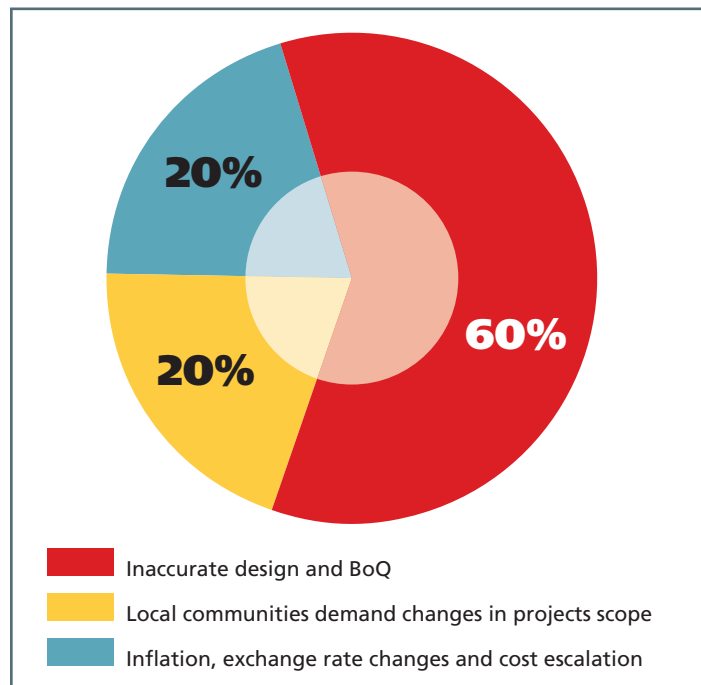


Figure 9: Underlying causes of time delays



Multiple examples of good CoST assurance infographics can be found on the CoST website. In addition to basic information that can and should readily be derived directly from disclosed CoST IDS or OC4IDS data points, it is important where possible to identify further specific information that provides a compelling evidence base for the formulation of constructive recommendations.

4.11 Developing recommendations

RECOMMENDATIONS

The hallmark of a good assurance report is that its recommendations:

- Are developed in consultation with all key stakeholders, but with each detailed recommendation addressed to a specific stakeholder;
- Are well founded, being based on objective evidence;
- Include a strategic perspective, in that they will not just address issues on a particular project, but if implemented would give rise to improved management practices across a whole programme or sector; and
- SMART, meaning that they are specific, measurable, achievable, relevant and time-bound

Applying these criteria will mean that some recommendations may not be included despite arguably being valid. This may for instance be because:

- The supporting evidence base is insufficiently strong;
- It is clear that they are contentious, will generate resentment and will not be accepted; or
- There is likely to be insufficient capacity to implement all the possible recommendations.

This reflects the fact that one of the key skills of an AP, and of CoST MSG members, is to know what *not* to include in an

assurance report. The need to build trust in CoST and the assurance process, means that each report should be tailored to make progress in giving rise to improved practices, rather than making unrealistic statement or recommendations that can be expected to give rise to growing scepticism or resistance.

Such reticence does not mean that the integrity of the report should be compromised, as that would undermine its credibility from the perspective of other stakeholders. Facts should still be presented clearly, so that inferences can be drawn by the reader. But in deciding on key recommendations that will characterise the report at its launch, the MSG must be satisfied that there is a reasonable prospect of at least some of them being implemented. There is no merit in provoking a sense of confrontation that could unnecessarily threaten the future of a CoST programme.

CONSULTATION WITH STAKEHOLDERS

An important part of the process of developing recommendations is close consultation with all stakeholder groups. From the outset, the AT should have in mind some potential recommendations that will then be either shaped or discarded, both as a result of analysing the growing body of available data, and through consultation with stakeholders.

Though the PE or government is generally the primary focus of recommendations, the views of others are also important, as different stakeholders are likely to have some unique perspectives on, and insights into, the same issues. Ideally, an assurance report should contain at least one significant recommendation that is known to be accepted in principle not only by government, but also by affected contractors, consultants, and community leaders.

4.12 Reviewing previous recommendations

When an assurance report relates to a PE to which, or in relatively rare cases Projects about which, recommendations have previously been made, its Recommendations chapter should start with a matrix of those recommendations, indicating their status as being accepted, partially accepted, or not accepted, with associated comments.

A simple Excel-based tool is available to help record and evaluate the status of past recommendations in a structured manner. This is achieved through extracting recommendations from previous assurance report(s), distinguishing between those that apply to just one project, and those of broader relevance, and assessing the degree to implementation as being low, medium or high. Further details of the tool are presented in Annex 9. The tool forms one sheet of a broader workbook, and includes an example of its use.

4.13 Writing the assurance report

STYLE

The assurance report must be prepared and presented in a manner that makes it easy for a non-specialist reader to understand, without being patronising to specialists. For this to be achieved it must be:

- **Clear**, avoiding the use of unnecessary jargon, precise in the use of language, and including graphics to help communication key messages;
- **Concise**, totalling between about 30 and 40 pages for the body of the report, with further essential additional content relegated to Annexes where necessary; and
- **Compelling**, containing a clear narrative that communicates interesting findings that in turn justify well-reasoned recommendations.

In terms of font, layout, terminology and other issues related to CoST branding, the report should be consistent with the latest CoST guidance, as detailed in the CoST Style Guide.

STRUCTURE

The detailed structure of the report will necessarily vary with circumstances, such as whether it is focussed on:

- completed or ongoing projects;
- one sector or multiple sectors; and/or
- one PE or several.

However, as detailed in Table 3, it should always include certain core elements, as well as any further essential elements that may from time to time be stipulated in further guidance from the International Secretariat.

TABLE 3: CORE ELEMENTS OF AN ASSURANCE REPORT

Abbreviation, Acronyms and Initialisms

Table of Contents

1. Executive Summary

This should normally be limited to one page. If in a language other than English, the final version of this chapter should also be translated into English.

2. Introduction – concisely setting the scene

a. Introduction to CoST

Concisely expressed without simply repeating material from the Terms of Reference

b. Disclosure – what has been explicitly agreed with the PE(s)

Including reference to any Formal Disclosure Requirement that may be in place

c. Project/sector description

Providing a concise overview of the scale and scope of the sector, how it is managed, and what institutional reforms if any are under way.

d. Identification of projects subject to assurance

Summarising the basis for selection of projects to be subjected to assurance

e. Existing accountability mechanisms aimed at performance management

Summarising the contractual relationship between the client, the contractor, the supervising engineer and community representatives. This helps ensure that the assurance process facilitates and strengthens those existing mechanisms aimed at improved performance.

3. Review of data for completeness and accuracy

This should take the form of summary charts or tables, together with some explanatory text.

4. Analysis of data

By looking at the totality of the data from different perspectives, this should shine a light on a range of emerging findings that will constitute reliable building blocks for a more strategic analysis. Basic information concerning the % of disclosed projects subject assurance, and the average time and cost deviation should always be included, expressed both as a straight % by number, and a weighted % by value.

5. Key Findings

Drawing on the results of the analysis, this will bring to bear strategic thinking aimed at providing the foundations for recommendations

6. Recommendations

Drawing on the findings, and informed by prior discussion with key stakeholders, this should set out clear recommendations that address specific issues and concerns. In cases where such concerns warrant further study by relevant authorities, this should be stated. In all cases recommendations should be expressed in a structured manner that make clear whose responsibility it is to take action, and (particularly in cases where on the basis of prior consultations this is likely to be acceptable) a realistic timescale for such action. In cases where relevant recommendations have been made in a previous assurance report, these should be listed separately²⁴, indicating what progress if any has been made in putting them into effect.

Annexes

The details of what is included here varies with circumstances. If the disclosed data itself is not provided, or readily and reliably available, through another source, then it should also be included here to help ensure that it remains readily available for any subsequent analysis by others.

²⁴ See Annex 8 for details of a tool to help present such assessments in a structured manner

The MSG may, in light of circumstances, require the report to include further elements. Typical examples include:

- A preamble that describes the process by which the report has been prepared and naming the members of the AT;
- Further emphasis on pertinent official policies, practices or plans; and
- Further details of how the reader can access more information about CoST and the projects that are subject to CoST disclosure.

4.14 Distribution of effort by the assurance team

One of the most common challenges facing both the AT and the CoST manager is how best to gauge the effort that should be expended on specific activities. Key considerations here include the need for:

FOCUS

In an attempt to be thorough, the AT may get involved in too much detail, and lose sight of the objective of the exercise. This can result in the consultant repeatedly asking for more time on the basis that interesting insights are being gained and areas of interest and potential concern identified.

Such an approach gives rise to a heightened risk of duplicating the roles of others, and alienating those responsible for the project's management. It is inevitable that on any infrastructure project there will be inefficiencies, mistakes, defects, and related claims. That is why project management systems are generally in place to identify and address just such issues. The focus of assurance should therefore be on processes, and patterns of concerns, rather than necessarily on specific issues on particular projects.

The AT should take care not to get involved in claims, disputes and other contractual matters that are still in the process of being addressed. Unless there has been an evident breach of due process, it is only when decisions have been made, and public funds committed, that an issue become eligible for such scrutiny.

EARLY DRAFTING OF THE EXECUTIVE SUMMARY

The AT may be tempted to put off report-writing until all the underlying data is available and analysis complete. This would be a mistake, as the very process of writing the report serves to help identify areas where the data collection and analysis should be focussed. And once the overarching narrative of the Executive Summary reaches the stage of being supported by the evidence base, preparation of the body of the assurance report becomes a relatively convergent and straightforward process.

One way of approaching this is for the AT, at the outset, to prepare a tentative working draft of the Executive Summary, and then continuously to update and improve that draft in the light of the growing emerging evidence base. Initially this would be for internal use only by the AT. From the first contractual hold point, however, this working document could be shared with the CoST manager and the MSG. Some APs may prefer other approaches that also work well, but the basic principle remains one of not unduly putting off report-writing.

RECORD KEEPING AND DATA MANAGEMENT

The AT will be collecting large quantities of data, all of which needs to be stored and structure in a manner that can readily be analysed, shared, and possibly re-visited at a later stage. This calls for a simple but robust data management system to be established, that meets the twin criteria of:

- providing the underlying evidence base for all findings and recommendations; and
- being sufficiently clear for a third party to make use of if necessary.

QUALITY MANAGEMENT

Quality management of an assurance report operates at multiple levels:

- Each individual within the AT is responsible for checking the accuracy of their contributions;
- The AT team leader is contractually required to check outputs for accuracy, internal consistency, and adherence to the ToR and subsequent written instructions; and
- The CoST manager on behalf (and with the support) of the MSG is responsible for ensuring that the final product communicates issues in a manner considered to be most likely to contribute to its intended purpose.

The provision of hold points within the assurance process is designed to ensure that the first draft of the assurance report does not hold any major surprises. Nevertheless, particularly in the case of new CoST programmes, it is not unusual for a draft assurance report to be rejected several times before it is finally accepted by the MSG.

Any comments made in the course of reviewing a draft report should be consolidated so that the AT does not have to deal with potentially contradictory feedback from more than one individual. In responding to client comments, the AT should do so in a structured manner to ensure that every issue is addressed as appropriate. Table 4 shows a simple tool, to be used by the AT, that is helpful in this regard.

#	SOURCE	COST COMMENT	AT RESPONSE	ACTION BY	DONE
1					0
2					0
3					0

Table 4: Basic feedback form template for review of draft assurance report

4.15 Post-assurance report to the MSG

The final deliverables of an assurance process should include not only the assurance report, supporting data sets, and any associated infographics (which may or may not form part of the main contract) but also a post-assurance report to the MSG, for onward transmission to the Regional Managers and the International Secretariat.

Unlike the assurance report, which is a public document, the post-assurance report is intended for internal use by CoST. It comprises two distinct parts:

- A summary of key information resulting from the assurance process. The purpose of this post assurance checklist is to provide a concise summary that will ensure the consistency and clarity necessary for internal MEAL functions.
- A simple Excel-based tool is available to help record and communicate the required data in a structured manner. Such data is listed at contract level, while showing the relationship between projects and contracts. Further details of the tool are presented in Annex 10. The tool forms one sheet of a broader workbook, and includes an example of its use.
- A brief associated narrative summary outlining:
 - The AT's overall perspective on the strengths and weaknesses of the assurance process they have undertaken;
 - As detailed in section 2.3 above, any specific concerns or issues that may have been alluded to in the report, but, despite potentially being important, were not addressed directly on this occasion because to have done so may have undermined the overall impact of the process;
 - Other perspectives that will help CoST IS understand the Assurance Report itself; and
 - Any suggestions about how a future assurance process could be improved.

This narrative summary should not normally extend to more than 2 sides of A4. Its purpose is to capture and communicate relevant background context and other information that has become known to the AT, but has not necessarily been clearly communicated in the report. Such information will serve to increase the ease and accuracy with which the report itself is interpreted more broadly within CoST. As with all aspects of assurance, it must be factual, but such facts may include reference to documented opinions or perspectives, such as media reports.

.....

5. Common challenges encountered

CoST assurance is not an easy process, and even experienced APs can encounter significant challenges and setbacks, and make mistakes. It is important that these are discussed when encountered, so that all parties can work together to resolve them or at least to mitigate their impact.

5.1 Internal challenges

MISUNDERSTANDING THE NATURE OF COST ASSURANCE

CoST assurance is unusual in that it calls for a unique set of skills to be brought together in pursuit of an objective with which most professionals will be familiar, but in a manner that differs markedly from what they are used to. Every AP must continually bear in mind that their job is primarily to shine a light on facts, in a manner that helps the facts to speak for themselves, rather than drawing unduly on their own professional judgement.

OVERCOMPLICATING MATTERS

There is no way that CoST Assurance could possibly gain meaningful insights into every aspects of an infrastructure project, which is an immensely complex undertaking. In many cases an underlying problem is one of there being too much data potentially available, rather than too little. In order to avoid getting lost in detail it is therefore necessary from the outset to maintain a strategic overview, while drawing on professional experience and other pointers to decide whether, when and where more in-depth study may prove fruitful.

NOT GIVING CREDIT WHERE IT IS DUE

Even in the most badly managed and/or corruptly influenced project or sector, there are people on all sides (client, contractor, consultants and citizens) who have recognised some of the problems and would like if possible to work with others to help address them. In some cases significant underlying issues or concerns may even be referred to in official documents. In such circumstances it is important that the assurance report recognises this and does not suggest that CoST has identified such issues for the first time. By contrast, CoST should where appropriate allow others (particularly government) to take credit for insights and recommendations that the assurance process has helped stimulate and develop.

EXPRESSING ISSUES IN TERMS OF STAKEHOLDERS COMPETING FOR POWER

Under the CoST approach, the relationship between stakeholders is primarily framed in terms of mutual respect. This means recognising different hierarchies of competence and drawing on the best of the various different fields of expertise, organisational cultures and institutional backgrounds of key stakeholders. Such an approach, which contrasts markedly from one that is based primarily on a prior perception of power differentials, is not one that is based on any ideology. Rather, it has been adopted because it works; people are much more likely to change behaviour (including abuse of power) if engaged with in a constructive manner. Such mutual respect is one of the building blocks of trust, and should be reflected in the choice of words in the assurance report.

NOT MAKING FULL USE OF THE OPPORTUNITY TO FACILITATE IMPROVEMENTS

The AT is in a privileged position to identify any feature or characteristic of the PEs (for example: work dynamics, organisational or bureaucratic structure, practices and procedures applied) that could help to explain the occurrence of red flags or their underlying nature or cause. To the extent possible, ATs should pay close attention to these elements as they may play a role in improving infrastructure governance.

CONFLICT OF INTEREST

Some APs may be concerned about identifying problems that implicitly criticise individuals or PEs that may, respectively, be friends or potential future clients. Or for similar reasons they may be unwilling to put in writing concerns that they have expressed verbally to members of the Secretariat or MSG. Though risks related to such COIs can to some extent be avoided or mitigated prior to award of an assurance-related contract, it is not uncommon for some residual risk to remain. When this

happens, it is important that it is talked about openly, so that possible solutions can be found. This may for instance entail distancing the conflicted individual from the situation of interest, while nevertheless drawing on his or her relevant experience and insights.

5.2 External challenges

Challenges commonly encountered by an AT include:

- **Reluctance of the PEs to disclose.** Though primarily an issue related to disclosure rather than assurance, this can be a real problem in the early stages of a CoST programme. Ideally, there should have been a clear prior written commitment to disclose, to which reference can politely be made. Requests for further data should distinguish clearly between what is required by law, what has been explicitly agreed in writing, and remaining data points in the CoST IDS. The manner in which missing data is sought should itself be aimed at building trust. Ultimately a failure to disclose within a reasonable timeframe should itself simply be recorded as a fact
- **Credibility of data.** Some data will not be credible. In such cases it should where possible be triangulated with information from other sources, including a site visit where applicable.
- **Political interference.** This may take the form of pressure either to ignore, or to highlight, particular concerns. All such pressure should be politely but firmly ignored, and an independent professional focus retained, based on letting the facts speak for themselves. More strategically it is important from a CoST perspective to continually invest in building a constructive relationship with a range of individuals with political influence, so that a growing body of such people, from across the political spectrum, have come to understand and appreciate the independent nature of the CoST approach.
- **Lack of financial resources.** It is never likely to be possible for an AT to have access to all the data and information that it would like, and the time needed to analyse it thoroughly and prepare a compelling report. The answer is therefore to maintain an overview of how and whether to direct effort, and to focus on doing the basics well.

.....

6. Assurance report launch and follow-up

6.1 Purpose

The purpose of launching an assurance report at a high-profile public event is to communicate its core messages more effectively. An effective launch is one that draws on the findings and recommendations of a professionally prepared assurance report to stimulate sufficiently broad acceptance and appreciation to have an impact in terms of improved:

- i. Practices on specific projects that have been subject to assurance;
- ii. Policies in the sector; and
- iii. Perceptions of CoST's role as a trusted partner in facilitating improvements that benefit all stakeholders.

Assurance has little if any value if it does not contribute to impact. Some examples of CoST impact stories are presented on the CoST website. In many cases the impact can be directly attributed to the manner in which assurance findings and recommendations were prepared, filtered and communicated.

6.2 Validation meeting

Given CoST's focus on letting the facts speak for themselves, it is of paramount importance that those facts are beyond dispute, however awkward or potentially embarrassing they may be. To this end, the PE(s) should have an opportunity to comment on:

- The accuracy or otherwise of the data on which the findings are based;
- The reasoning that gives rise to findings; and
- The reasonableness of the resulting recommendations.

Ideally, the assurance report findings and recommendations will not come as a surprise to the PE(s), on account of ongoing communication during the assurance process. But even when such communication has been effective at a certain level within the PE(s), it may not have received higher level political and administrative endorsement.

A formal validation meeting is an effective way to achieve the necessary political buy-in. Its aim should be to achieve agreement about:

- Underlying facts;
- Core findings and recommendations; and
- Specific prioritisation of messaging for the launch event that will optimise prospects for success.

Such messaging may entail downplaying some findings and recommendations that could prove unduly contentious, while highlighting others where there is more scope for finding common cause between stakeholders. From an MSG perspective the underlying principle is not to cover up unpalatable facts, but to rather ensure that the assurance report and its public launch have the highest probability of achieving all three aspects of stated purpose as detailed in 6.1 above.

In (very rare) cases where there is PE insistence on an alternative interpretation of facts, that alternative perspective should also be summarised in as clear and objective manner as possible, alongside the considered perspective of the AT. Though reference may be made to this at the launch event, it should not be its main focus, which should remain on areas of agreement or at least acceptance.

6.3 Public launch

PARTICIPATION

The public launch event should have as high a profile as possible, so as to communicate the core messages and associated narrative to the general public as well as to:

- Government officials;
- Private companies working in the sector; and
- Civil society groups.

In order to optimise this communication it is important to include:

- Media outlets;
- Academics; and
- Professional bodies

MSG members are expected to play an important role in inviting relevant stakeholders to participate. These should be as high level as possible, ideally:

- For the government, the Minister or deputy Minister from the affected Ministry(ies). In addition to senior representatives of any PE with projects that have been subject to assurance, it is helpful to invite other PEs that may in future become more closely associated with CoST disclosure and eventual assurance
- For the private sector, representatives of Associations of Consultants, Contractors, Transporters, etc
- For civil society, leaders of groups focussed on transparency and accountability in various aspects of public infrastructure procurement, including in:
 - Planning;
 - Programming and Budgeting; and
 - Environmental and Social issues including safety.



Assurance report launch in Honduras

PROGRAMME

Details of the programme are best determined by the MSG in close consultation with key stakeholders, and in keeping with recognised good practice²⁵ in the local context. This would normally include:

- **Welcome.** A short welcoming message from government to highlight its endorsement of the CoST approach, as part of a broader strategy for improving sector performance.
- **Introductions.** Recognition of key stakeholders represented²⁶.
- **Presentation.** A summary presentation of the CoST approach, the assurance report findings, and its key recommendations. This presentation must have a simple coherent narrative, and should ideally be supported by compelling infographics that will be readily understood, picked up on, and ideally replicated by the media and others.
- **Response from government.** This should ideally include reference to areas where government is already taking corrective action, indicate acceptance of some further findings and recommendations, and provide an indication that other findings and recommendations will be given serious consideration.
- **Question and Answer session.** This would be focussed on details of the assurance report, but may also include direct questions to the government representative.
- **Close.** The end of formal proceedings.
- **Media interviews.**



Kiev Mayor, Vitali Klitschko speaks with the press at a CoST Ukraine assurance report launch

The formal part of such an event would not normally exceed one hour.

CONSISTENT MESSAGING

Meticulous preparation is required if such a launch event is to succeed in achieving its purpose. Even if the assurance report itself is of the highest quality, the launch event could be marred or undermined by inconsistent or inappropriate comments made by any of the key participants.

CoST cannot determine what is said by the government official, but should influence this, not just through the content of prior discussions, but also through the constructive, respectful but independent and professional manner in which those communications were undertaken.

²⁵ One important consideration is whether the launch is best hosted by Government, by CoST or by some other entity such as a professional body. Irrespective of who hosts the meeting, the relevant Ministry and participating PEs should be given the opportunity to communicate their commitment to transparency and accountability in as clear and constructive a manner as possible.

²⁶ This will be influenced both by the maturity of the programme and by the likely focus of public interest in the report.

In the case of MSG members, and AT members, CoST can and should be much more direct. This entails the CoST Manager, in consultation with the MSG and with specialist support where available;

- Preparing a list of key messages to be communicated;
- Determining who should, and should not, ideally speak or be interviewed at the launch event; and
- Providing training including undertaking a dry run of the event, to prepare appropriate responses to situations that may arise, or questions that may be raised.

It is important in this regard that each MSG member and any member of the AT who may speak at the launch:

- Is familiar with the details of the assurance report;
- Understands and supports the findings and recommendations; and
- Appreciates that their role at the event is to support the application of the CoST approach of letting the facts speak for themselves, and not to make any associated judgements. This is particularly important in the case of those whose role is normally (outside of their role within CoST) precisely one of making such judgements.

In practice it is inevitable, and potentially helpful, that MSG members are free to speak their mind and bring to bear their own characteristic perspective. But any such differences should ideally be of emphasis rather than substance, and should be expressed in a manner that is in keeping with the MSG's underlying collaborative approach.

TIMING

In deciding on the date of the public launch event, the CoST Manager should, in consultation with the MSG take account of:

- The need to be confident that the assurance report will be completed, quality assured, and its core provisions validated by the PEs;
- The availability of suitably high-profile participants; and
- Other considerations such as the possibility of coordinating the timing with
 - Local events such as a sector review conference; or
 - International events such as a CoST assurance week.

6.4 Documentation

As with all aspects of the CoST approach, it is important when launching an assurance report to do the basics well and to avoid any risk of confusion, misunderstanding, or over-complication that could dilute or otherwise undermine the clarity of findings and recommendations. An important principle to be applied in achieving this includes keeping, maintaining and updating clear written records of:

- Agreed strategies, plans and approaches;
- Communication with stakeholders; and
- Decisions reached.

Though some such record-keeping will be included within minutes of MSG meetings, further details will be included elsewhere in the CoST programme's filing system. It can be helpful in this regard to maintain within a single file a copy of all key documents related to a specific assurance process.

6.5 Follow-up

In order to optimise the prospects for achieving impact, such documentation is particularly important in relation to agreements reached with PEs regarding findings and recommendations. Whenever these are discussed, CoST should send a follow-up written communication that clearly and fairly sets out what is agreed, and what remains subject to further discussion. This makes it easier to work together towards achieving quick wins, while ensuring that other important issues remain on the agenda for potential further consideration in future assurance reports.

Such documentation retained by the CoST Programme should be referred to in the ToR of subsequent assurance processes that involve the same PEs. This will help ensure that it becomes a standard part of CoST assurance to include a factual update on the status of previous recommendations made. As with the original recommendations, any statements made in the name of CoST concerning progress in implementing recommendations should be factual and non-judgmental. Ideally, the process of following up on such recommendations should not be limited to assurance reports but become a standard agenda item for ongoing CoST communication/engagement with the relevant PE(s) and others.

.....

Annexes

Annex 1: Overview of available tools, checklists and other resources

Annex 2: ACTS tool to help identify likely areas of interest

Annex 3: Tool to help assess completeness of proactive disclosure

Annex 4: Tool to help evaluate the accuracy of proactive disclosure

Annex 5: Tool to help assess a PE's response to queries about proactive disclosure

Annex 6: Tool to help record and assess details of reactive disclosure

Annex 7: Example of a linear progress monitoring tool

Annex 8: Tool to help evaluate the strength of selected management processes

Annex 9: Tool to help evaluate the status of past recommendations

Annex 10: Post assurance data summary

Annex 1: Overview of available tools, checklists and other resources

A: TOOLS DESCRIBED IN THIS MANUAL.

These include tools referred to in the text and illustrated in Annexes 2 to 10. Most include both a template and an example of a completed sheet. The exception is Annex 7 (illustrating the use of a Linear Progress Monitoring Tool) which is not so much a tool for direct use by an AT, but rather an example of a type of tool commonly used for project management purposes, which ATs need to be aware of. Each tool is available as a separate sheet of the Excel file associated with this Manual and [can be downloaded here](#).

B: ASSOCIATED GUIDANCE NOTE

Prepared in parallel with this Manual, the updated Assurance Guidance Note provides a concise summary of what CoST assurance is, and is not, about. As such it is an appropriate resource to serve as a general introduction, for those stakeholders (including PE staff) who need to have an overview of the subject without going into detail.

C: OTHER TOOLS AND CHECKLISTS DEVELOPED BY INDIVIDUAL COST PROGRAMMES

In the course of their activities, various CoST programmes have developed tools and checklists to help ensure that they build on and extend good practice, in a suitably structured manner. Though often well regarded in the local context, these are not necessarily all suited in their entirety for broader application. And some of the older manuals may cross the line into activities that are inconsistent with the latest CoST thinking. If such manuals are referred to by other CoST programmes they should therefore first be critically reviewed, and adapted where appropriate. This may for instance entail only using, or adapting, part of a tool, rather than applying all of it.

In addition to elements of various disclosure and assurance manuals, specific examples of helpful available resources include:

- **Uganda.** Infrastructure Monitoring Tool (IMT). Published in 2018 by CoST Uganda, this includes a wealth of questions and checklists that may where appropriate be drawn on when conducting an assurance process. A PDF version of the IMT is available for download [here](#), and a short video describing an associated online version (e-IMT) [here](#).
- **Central America.** Building on the CoST Guatemala Operations Manual prepared in 2012, CoST Honduras in 2017 prepared its own Assurance Manual. Running to 89 pages, this includes numerous forms and checklists, parts of which could usefully be adapted to other contexts. Drawing on some aspects of this, CoST El Salvador in 2018 prepared its own more concise manual.

Annex 2: ACTS tool to help identify likely areas of interest

This tool relates to Figure 5, which illustrates the interplay between 4 important drivers of good performance on a public infrastructure project. The purpose of the tool is to identify which of the 12 sub-drivers are considered to be only partially present, or not present at all. When a weakness is identified, that can be viewed as a driver not of performance, but potentially of inefficiency, mismanagement or corruption. This serves to identify areas of risk.

Ideally it would be completed by various different well-informed stakeholders, such as clients, contractors and consultants, as well as by others with experience of scrutinising project performance. At its simplest, however, if undertaken in an honest and professional manner it can still work well even if only completed by a single well-informed individual within the PE.

Further details about the tool, including specific guidance regarding its use, is provided in the form of input messages associated with individual cells. These appear when the cursor is held over the cell in question.

[Click here to download the tool.](#)

Mapping drivers of performance: Rapid assessment tool				How to use this tool: This tool provides a structured means of mapping and better understanding the drivers of good performance of an entity and its processes. The first column lists 12 drivers of good performance. Click on a pale cell for a more detailed explanation. Textured cells offer drop-down menus.	
Entity being assessed:	Assessment			Assessed by:	Date:
DRIVERS OF PERFORMANCE				Elaboration	
CAPACITY makes it possible	Yes	Partial	No	Comments/explanation	
Finance staff & equipment					
Clear operating procedures					
Skills and experience					
ACCOUNTABILITY: makes it happen	Yes	Partial	No	Comments/explanation	
Quality management					
Transparency					
Performance monitoring					
TRUST makes it flourish	Yes	Partial	No	Comments/explanation	
Shared values and vision					
Mutual respect between stakeholders					
Confidence in fair contracts and procurement processes					
Enabling institutional SETTING allows it to continue	Yes	Partial	No	Comments/explanation	
Institutional clarity					
Rule of law fairly applied					
Good performance rewarded					
Additional comments:					
How to interpret and apply the result of this exercise				In an ideal entity, each of the drivers of performance is fully evident. This is however rarely the case, and the degree to which any one of the listed sub-drivers is weak or absent indicates a heightened risk of inefficiency, mismanagement or corruption	

Assessment of potential drivers of inefficiency, mismanagement or corruption

PROJECT:		ASSESSOR:		DATE:			
Project Phase	Project data item	Data disclosed	Location of data	Ease of Access	IDS	OC4IDS	
Project Identification (7)	Project reference number						
	Project owner						
	IDS 0% Sector, subsector						
	OC4IDS 0% Project name						
	Ease of Access - Project Location						
Project Preparation (7)	Purpose						
	Project description						
	Project Scope (main output)						
	IDS 0% Environmental impact						
	OC4IDS 0% Land and settlement impact						
Project Completion (6)	Contact details						
	Funding sources						
	Project Budget						
	Project budget approval date						
	Project status (current)						
Instructions: Enter data into pale cells. Click on cells for further instructions. Red "X" indicates missing entry.	Completion cost (projected)						
	Completion date (projected)						
	Scope at completion (projected)						
	Reasons for project changes						
	Reference to audit and evaluation reports						
Summary of ease of access and disclosure rates: (At project level only)				-	0%	0%	
CONTRACT:		ASSESSOR:		DATE:			
Contract Phase	Contract data item	Data disclosed	Location of data	Ease of Access	IDS	OC4IDS	
Tender Management (14)	Procuring entity						
	Procurement process						
	IDS 0% Contract type						
	OC4IDS 0% Contract status (current)						
	Ease of Access - Number of firms tendering						
	Cost estimate						
	Contract administration entity						
	Contract title						
	Contract firm(s)						
	Contract price						
	Contract scope of work						
	Contract start date						
	Contract duration						
	Implementation (4)	Variation to contract price					
Escalation of contract price							
Variation to contract duration							
OC4IDS 0% Variation to contract scope							
Ease of Access - Reasons for price changes							
Instructions: Enter data into pale cells. Click on cells for further instructions. Red "X" indicates missing entry.	Reasons for scope and duration changes						
	Summary of ease of access and disclosure rates: (at above contract level only)				0	0%	0%
	Summary of ease of access and disclosure rates: (overall for project level and the contract included above)				0	0%	0%
	Note: Taken together, the above tables provide an overview of the project and one contract. Typically the main works contract. To assess disclosure rates on other contracts, use additional versions of the lower table only.						

Annex 3: Tool to help assess completeness of proactive disclosure

This tool relates serves as a simple aid to record proactively disclosed data, identify its location, assess the ease of access on a scale of High, Med, Low, and indicate whether it is based on the CoST IDS or OC4IDS. Resulting scores (in yellow) are then generated automatically.

[Click here to download the tool.](#)

Assessment of the completeness of proactive disclosure (project level, and contract level)

PROJECT:		ASSESSOR:		DATE:				
Project Phase	Project data item	Perceived Accuracy	Comment	P	I	U	M	
Project Identification (7)	Project reference number							
	Project owner							
	Plausible (P) 0%	Sector, subsector						
	Inconsistent (I) 0%	Project name						
	Implausible (U) 0%	Project Location						
[missing] (M) 0%	Purpose							
	Project description							
	Project Preparation (7)	Project Scope (main output)						
		Environmental impact						
	Plausible (P) 0%	Land and settlement impact						
Inconsistent (I) 0%	Contact details							
Implausible (U) 0%	Funding sources							
[missing] (M) 0%	Project Budget							
	Project budget approval date							
Project Completion (6)	Project status (current)							
	Completion cost (projected)							
	Plausible (P) 0%	Completion date (projected)						
	Inconsistent (I) 0%	Scope at completion (projected)						
	Implausible (U) 0%	Reasons for project changes						
[missing] (M) 0%	References to audit and evaluation reports							
Instructions: Enter data into pale cells. Click on cells for further instructions.		Summary of accuracy assessments at project level (as %)		0%	0%	0%	0%	

CONTRACT:		ASSESSOR:		DATE:				
Contract Phase	Contract data item	Perceived Accuracy	Comment	P	I	U	M	
Tender Management (14)	Procuring entity							
	Procuring entity contact details							
	Plausible (P) 0%	Procurement process						
	Inconsistent (I) 0%	Contract type						
	Implausible (U) 0%	Contract status (current)						
	[missing] (M) 0%	Number of firms tendering						
	Cost estimate							
	Contract administration entity							
	Contract title							
	Contract firm(s)							
	Contract price							
	Contract scope of work							
	Contract start date							
	Contract duration							
Implementation (6)	Variation to contract price							
	Escalation of contract price							
	Plausible (P) 0%	Variation to contract duration						
	Inconsistent (I) 0%	Variation to contract scope						
	Implausible (U) 0%	Reasons for price changes						
[missing] (M) 0%	Reasons for scope and duration changes							
Instructions: Enter data into pale cells. Click on cells for further instructions.		Summary of accuracy assessments at contract level (as %)		0%	0%	0%	0%	

Note: Taken together, the above tables provide an overview of the project and one contract, typically the main works contract. To assess accuracy rates on other contracts, use additional versions of the lower table only.

Assessment of the accuracy of proactive disclosure (project level, and contract level)

Annex 4: Tool to help evaluate the accuracy of proactive disclosure

This tool records the AT's judgement as to the accuracy or otherwise of each item of proactively disclosed data. Input messages provide further instructions, drop down menus are provided where appropriate, and the results of associated calculations are shown in yellow.

[Click here to download the tool.](#)

PROJECT:		ASSESSOR:				DATE:	
Project Phase	Project data item	Issue raised with PE	Comment if "Other"	Date raised	Comment	Date resolved	
Project Identification (7)	Project reference number						
	Project owner						
	Sector, subsector						
	Project name						
	Project Location						
Project Preparation (7)	Purpose						
	Project description						
	Project Scope (main output)						
	Environmental impact						
	Land and settlement impact						
Project Completion (6)	Contact details						
	Funding sources						
	Project Budget						
	Project budget approval date						
	Project status (current)						
Project Completion (6)	Completion cost (projected)						
	Completion date (projected)						
	Scope at completion (projected)						
	Reasons for project changes						
	Reference to audit and evaluation reports						
Instructions: Enter data into pale cells. Click on cells for further instructions.		Summary of accuracy assessments at project level (as %)					

CONTRACT:		ASSESSOR:				DATE:	
Contract Phase	Contract data item	Issue raised with PE	Comment if "Other"	Date raised	Comment	Date resolved	
Tender Management (14)	Procuring entity						
	Procuring entity contact details						
	Procurement process						
	Contract type						
	Contract status (current)						
	Number of firms tendering						
	Cost estimate						
	Contract administration entity						
	Contract title						
	Contract firm(s)						
	Contract price						
	Contract scope of work						
	Contract start date						
	Contract duration						
Implementation (6)	Variation to contract price						
	Escalation of contract price						
	Variation to contract duration						
	Variation to contract scope						
	Reasons for price changes						
Implementation (6)	Reasons for scope and duration changes						
	Instructions: Enter data into pale cells. Click on cells for further instructions.	Summary of accuracy assessments at contract level (as %)					

Note: Taken together, the above tables provide an overview of the project and one contract, typically the main works contract. To assess accuracy rates on other contracts, use additional versions of the lower table only.

Assessment of PE responses to queries related to proactive disclosure (project level, and contract level)

Annex 5: Tool to help assess a PE's response to queries about proactive disclosure

This tool helps keep a record of the responsiveness or otherwise of PE's to queries raised by the AT in relation to the completeness or accuracy of proactively disclosed data.

[Click here to download the tool.](#)

PROJECT:		ASSESSOR:			DATE:
Project Phase	Project data item	Date requested	Date received	Days	Comment
Identification and Preparation (8)	Multi-year programme & Budget				
	Project brief or Feasibility study				
	Environmental and social impact assessment				
	Resettlement and compensation plan				
	Project officials and roles				
	Financial agreement				
Completion (6)	Procurement plan				
	Project approval decision				
	Implementation progress reports				
	Budget amendment decision				
	Project completion report				
	Project evaluation report				
REACTIVE RATES AT PROJECT LEVEL		COMMENTS (Project level)			

NOTE: If reactive disclosure items have been disclosed proactively, add a comment, and enter the same date in the "date requested" and "date received" columns

CONTRACT:		ASSESSOR:			DATE:
Contract Phase	Contract data item	Date requested	Date received	Days	Comment
Tender Management (5)	Contract officials and roles				
	Procurement method				
	Tender documents				
	Tender evaluation results				
	Project design report				
	Contract agreement and conditions				
Contract (3)	Registration and ownership of firms				
	Specifications and drawings				
	List of variations, changes, amendments				
	List of escalation approvals				
	Quality assurance reports				
	Disbursement records or payment certificates				
Implementation (5)	Contract amendments				
	Quality assurance reports				
	Disbursement records or payment certificates				
	Contract amendments				
	Quality assurance reports				
	Disbursement records or payment certificates				
REACTIVE RATES AT CONTRACT LEVEL		COMMENTS (Contract level)			

NOTE: If reactive disclosure items have been disclosed proactively, add a comment, and enter the same date in the "date requested" and "date received" columns

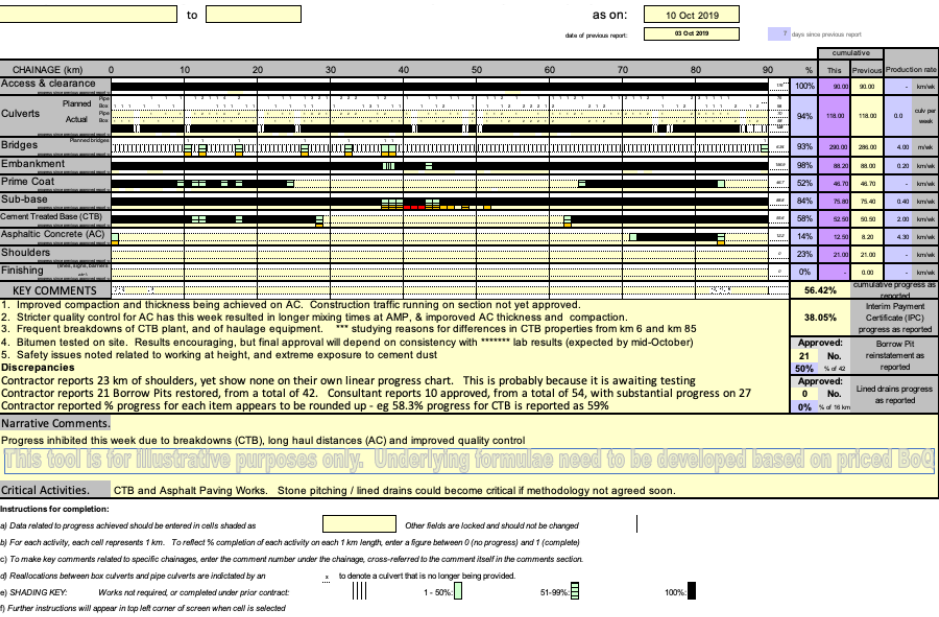
OVERALL REACTIVE RATES	
% of Requested:	GENERAL COMMENTS
% of Total:	

Note: Taken together, the above tables provide an overview of the project and one contract, typically the main works contract. To assess accuracy rates on other contracts, use additional versions of the lower table only

Annex 6: Tool to help record and assess status of reactive disclosure

This simple tool helps maintain a record of reactive disclosure by a PE in response to requests made by the AT. Analysis of overall responsiveness is then calculated and presented in yellow. [Click here to download the tool.](#)

Assessment of the responsiveness of reactive disclosure (project level, and contract level)



Annex 7: Example of a linear progress monitoring tool

[Click here to download the tool](#)

Example of a Linear Progress Monitoring Tool used weekly on a major road project

Annex 8: Tool to help evaluate the strength of selected management processes

Click here to download the tool.

CONTRACT		ASSESSOR				DATE		TOTALS	
Instructions: Use the drop-down menu to select "High", "Medium", "Low" or "None" based on the criteria listed for that row. Then add a brief justification in the adjacent comment box		Quality Management		Environmental & Social Protection		Health & Safety		%	
Instructions to bidder		Assessment	Comment	Assessment	Comment	Assessment	Comment		
HIGH (3 pts)	The instructions to bidders include a specific requirement to comply with one or more recognized international standards.							0	0%
MEDIUM (2 pts)	The instructions to bidders include a specific requirement to comply with a relevant national standard.								
LOW (1 pt)	The instructions to bidders include a specific requirement, but this falls short of the relevant national standard.								
NONE (0 pts)	The instructions to bidders do not make any reference to this aspect of good practice.								
Contract documents		Assessment	Comment	Assessment	Comment	Assessment	Comment		
HIGH (3 pts)	The contract includes a specific requirement to comply with one or more recognized international standards.							0	0%
MEDIUM (2 pts)	The contract includes a specific requirement to comply with a relevant national standard.								
LOW (1 pt)	The contract includes a requirement, but this falls short of the relevant national standard.								
NONE (0 pts)	The contract does not make any reference to this aspect of good practice.								
Site visit		Assessment	Comment	Assessment	Comment	Assessment	Comment		
HIGH (3 pts)	Site staff indicate an awareness of what constitutes good practice and are observed as generally putting it into effect.							0	0%
MEDIUM (2 pts)	Examples of good practice are observed, but also some evident shortcomings that are not being addressed.								
LOW (1 pt)	There are indications of a low level of awareness of good practice, and multiple examples noted of best practice.								
NONE (0 pts)	Significant cases of best practice are observed, and noted as being allowed to continue without being addressed by site management.								
TOTALS								0%	0%

Assessment of the strength of selected management processes

ASSURANCE PROCESS								DATA ENTERED BY:					DATE		
Record	Project reference and name (lower entries if relevant)	Contract reference and name	Procuring Entity	Sub-sector	No. of bidders	Project status	General scope	Primary funding source	Projected final cost (USD)		Projected final duration (days)		Deviation		Further details and comments
									At start	during assurance	At start	during assurance	Cost %	Time %	
A															
B															
C															
D															
E															
F															
G															
H															
I															
J															
Record (cont'd)	Contract reference and name	Areas of concern				(for Works contracts only) Employment data disaggregated by gender			Institutionalized community engagement?		Related CoST social accountability measures (if any) involving beneficiaries			Further details and comments	
		Main area (from drop-down list)	Secondary area (from drop-down list)	Comment (including "other" as free text)	Required in contract?	Discussed?	Female % if discussed	Project preparation	Project works	Linked with insurance	Following insurance	Relevant findings			
A															
B															
C															
D															
E															
F															
G															
H															
I															
J															

Post assurance data summary

Annex 9: Tool to help evaluate the status of past recommendations

Click here to download the tool.

A: PROJECT Level: Has CoST previously made recommendations related to this PROJECT?		Yes/No		Date		Name/reference of assurance report, or other reference	
Previous recommendations made at the level of this PROJECT							
Ref	Summary of recommendation	Directed at:	None	Low	Medium	High	Comments
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
Totals		0	0	0	0	0	Further general comment (if any) about project-level recommendations
A message will appear to the right of this cell if any record is missing essential data. Comments should be included where appropriate but are not considered essential.							
B: HIGHER Level: Has CoST previously made broader recommendations related to this SECTOR?		Yes/No		Date		Name/reference of assurance report, or other reference	
Previous recommendations made at the level of this SECTOR							
Ref	Summary of recommendation	Directed at:	None	Low	Med	High	Comments
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
Totals		0	0	0	0	0	Further general comment (if any) about higher-level recommendations
A message will appear to the right of this cell if any record is missing essential data. Comments should be included where appropriate but are not considered essential.							

Assessment of status of recommendations made in previous assurance reports

Annex 10: Post assurance data summary

Click here to download the tool.



Ministry of Foreign Affairs of the
Netherlands