REQUEST FOR PROPOSAL (RFP)
For
Selection LTA contract for provision of spot check Service for UNDP
Process 35-49383

Phnom Penh, Cambodia
June 19, 2017

Dear Sir / Madam:

We kindly request you to submit your Proposal for provision of **Spot Check Services for UNDP Projects**.

Please be guided by the form attached hereto as Annex C and Annex D, in preparing your Proposal.

Your offer, **comprising of a Technical and Financial Proposal, in separate sealed envelopes**, should be submitted to the following address **no later than 04 July 2017 by 15:00 hours., Cambodia time**. **Late submission shall be rejected**.

UNDP Cambodia, Registry Office (Building No. 3)
No. 18, Pasteur Street, Boeung Keng Kang I
PO Box 877, Phnom Penh, Cambodia
Attn: Procurement Analyst, Procurement Unit

Your Proposal must be expressed in the ***English***, and valid for a minimum period of ***90 days***

In the course of preparing your Proposal, it shall remain your responsibility to ensure that it reaches the address above on or before the deadline. Proposals that are received by UNDP after the deadline indicated above, for whatever reason, shall not be considered for evaluation.

Services proposed shall be reviewed and evaluated based on completeness and compliance of the Proposal and responsiveness with the requirements of the RFP and all other annexes providing details of UNDP requirements.

The Proposal that complies with all of the requirements, meets all the evaluation criteria and offers the best value for money shall be selected and awarded the contract. Any offer that does not meet the requirements shall be rejected.

Any discrepancy between the unit price and the total price shall be re-computed by UNDP, and the unit price shall prevail and the total price shall be corrected. If the Service Provider does not accept the final price based on UNDP's re-computation and correction of errors, its Proposal will be rejected.

No price variation due to escalation, inflation, fluctuation in exchange rates, or any other market factors shall be accepted by UNDP after it has received the Proposal. At the time of Award of Contract or Purchase Order, UNDP reserves the right to vary (increase or decrease) the quantity of services and/or goods, by up to a maximum twenty five per cent (25%) of the total offer, without any change in the unit price or other terms and conditions.

Any Contract or Purchase Order that will be issued as a result of this RFP shall be subject to the General Terms and Conditions attached hereto. The mere act of submission of a Proposal implies that the Service Provider accepts without question the General Terms and Conditions of UNDP, herein attached as Annex E.

Please be advised that UNDP is not bound to accept any Proposal, nor award a contract or Purchase Order, nor be responsible for any costs associated with a Service Providers preparation and submission of a Proposal, regardless of the outcome or the manner of conducting the selection process.

UNDP's vendor protest procedure is intended to afford an opportunity to appeal for persons or firms not awarded a Purchase Order or Contract in a competitive procurement process. In the event that you believe you have not been fairly treated, you can find detailed information about vendor protest procedures in the following link:
http://www.undp.org/content/undp/en/home/operations/procurement/protestandsanctions/

UNDP encourages every prospective Service Provider to prevent and avoid conflicts of interest, by disclosing to UNDP if you, or any of your affiliates or personnel, were involved in the preparation of the requirements, design, cost estimates, and other information used in this RFP.

UNDP implements a zero tolerance on fraud and other proscribed practices, and is committed to preventing, identifying and addressing all such acts and practices against UNDP, as well as third parties involved in UNDP activities. UNDP expects its Service Providers to adhere to the UN Supplier Code of Conduct found in this link : http://www.un.org/depts/ptd/pdf/conduct_english.pdf

Thank you and we look forward to receiving your Proposal.

Sincerely yours,

Sereyvattana Chan
Procurement Analyst

Annex A

Description of Requirements

Context of the Requirement	Provision of Spot check Services for UNDP Project. The primary objective of Spot Check is to determine whether the funds transferred to IPs were used for their intended purposes and in accordance with the work plan. Spot checks are performed to assess the accuracy of the financial records for cash transfers to IPs, status of the programme and whether there have been any significant changes to applicable internal controls. The spot check is not an audit.
Implementing Partners and Responsible Parties of UNDP	1. Climate Change Department, National Council for Sustainable Development (NCSD) 2. Department of Biodiversity, National Council for Sustainable Development (NCSD) 3. Forestry Administration (FA) 4. Cambodia Disabled People Organization (CDPO) 5. BBC Media Action 6. Cambodia Rehabilitation and Development Board/ Council for the Development of Cambodia (CRDB/CDC) 7. Cambodia Mine Action and Victim Assistance Authority (CMAA) 8. Association of Sub-National Administration Councils (ASAC) 9. National Committee for Sub-national Democratic Development (NCDD) Detail location of IPs were provided in Annex 4 of Term of Reference.
Brief Description of the Required Services[1]	Refer to attached ToR (Annex B)
List and Description of Expected Outputs to be Delivered	• A standard agreed-upon procedures report (Spot Check report) in accordance with the applicable standards. • Spot check workplan detailing work performed. • A management letter providing details of spot check funding and their impact to internal control, services provider's recommendations and IP/RP management responses.

[1] *A detailed TOR may be attached if the information listed in this Annex is not sufficient to fully describe the nature of the work and other details of the requirements.*

Person to Supervise the Work/Performance of the Service Provider	*Oversight Analyst, Management Support Unit, UNDP Cambodia*
Frequency of Reporting	*Refer to attached ToR (Annex B)*
Progress Reporting Requirements	*Refer to attached ToR (Annex B)*
Location of work	☒ Projects' office/site ☒ At UNDP's Implementing Partner's Location
Contract Duration	1 year contract with possible another 2 years extension
Contract Period	17 July 2017 - 16 July 2018
Travels Expected	*Refer to attached ToR (Annex B)*
Special Security Requirements	N/A
Facilities to be Provided by UNDP (i.e., must be excluded from Price Proposal)	☒ Office space and facilities, if needed
Implementation Schedule indicating breakdown and timing of activities/sub-activities	☒ Required
Names and curriculum vitae of individuals who will be involved in completing the services	☒ Required
Currency of Proposal	☒ United States Dollars
Value Added Tax on Price Proposal[2]	☒ must be exclusive of VAT and other applicable indirect taxes
Validity Period of Proposals *(Counting for the last day of submission of quotes)*	☒ 90 days In exceptional circumstances, UNDP may request the Proposer to extend the validity of the Proposal beyond what has been initially indicated in this RFP. The Proposal shall then confirm the extension in writing, without any modification whatsoever on the Proposal.
Partial Quotes	☒ Not permitted
Payment Terms[3]	Payment will be made upon completion of the services and satisfactory submission of the spot check report.

[2] *VAT exemption status varies from one country to another. Pls. check whatever is applicable to the UNDP CO/BU requiring the service.*

[3] *UNDP preference is not to pay any amount in advance upon signing of contract. If the Service Provider strictly requires payment in advance, it will be limited only up to 20% of the total price quoted. For any higher percentage, or any amount advanced exceeding $30,000, UNDP shall require the Service Provider to submit a bank guarantee or bank cheque payable to UNDP, in the same amount as the payment advanced by UNDP to the Service Provider.*

	Payment will be made within 30 days from date of receiving invoice.
Person(s) to review/inspect/ approve outputs/completed services and authorize the disbursement of payment	*Oversight Analyst, UNDP Cambodia* *Assistant Country Director/Programme, UNDP* *Country Director, UNDP*
Type of Contract to be Signed	☒ Contract for Professional Services
Preliminary Examination	UNDP shall examine the Proposals to determine whether they are complete with respect to minimum documentary requirements, whether the documents have been properly signed, whether or not the Proposer is in the UN Security Council 1267/1989 Committee's list of terrorists and terrorist financiers, and in UNDP's list of suspended and removed vendors, and whether the Proposals are generally in order, among other indicators that may be used at this stage. The below requirements will be reviewed under Preliminary Examination before proceeding with the evaluation. UNDP may reject any Proposal at this stage. 1. Legally organization with Certificate of Business Registration to operate business in Cambodia, Patent, VAT Certificates, including Articles of Incorporation, or equivalent documents if Bidder is not a corporation. 2. Form for Submitting Service Provider's Technical Proposal is duly completed and signed as per **Annex-C** (*completion in the template in Annex-C is mandatory for bidder as the form would allow bidders to confirm its conformity with the requirements defined in the Request for Proposal and all its attachments, as well as the provision of UNDP General Contract Terms and Conditions required under this process). Bidders may choose to use its own template and acceptable if it is duly signed by authorized person and confirm the same as Annex-C.* 3. Technical and Financial Proposals are submitted in separate sealed envelopes. 4. Proposer is not in the UN Security Council 1267/1989 Committee's list of terrorists and terrorist financiers, and in UNDP's list of suspended and removed vendors.
Criteria for Contract Award	☒ Highest Combined Score (based on the 70% technical offer and 30% price weight distribution) The total score for each proposal will be calculated independently by the following formula:

Rating the Technical Proposal (TP):

TP Rating = (Total Score Obtained by the Offer / Max. Obtainable Score for TP) x 100

Rating the Financial Proposal (FP):

FP Rating = (Lowest Priced Offer / Price of the Offer Being Reviewed) x 100

Total Combined Score:

(TP Rating) x Weight of TP (70%)

+ (FP Rating) x Weight of FP (30%)

Total Combined and Final Rating of the Proposal

☒ Full acceptance of the UNDP Contract General Terms and Conditions (GTC). This is a mandatory criteria and cannot be deleted regardless of the nature of services required. Non acceptance of the GTC may be grounds for the rejection of the Proposal.

Criteria for the Assessment of Proposal

Technical Proposal (70%)

Summary of Technical Proposal Evaluation Forms		**Score Weight**	**Points Obtainable**
1.	Expertise of Firm / Organization	30%	300
2.	Proposed Methodology, Approach and Implementation Plan	20%	200
3.	Management Structure and Key Personnel	50%	500
	Total		**1000**

Technical Proposal Evaluation Form 1		**Points obtainable**
	Expertise of the Firm/Organization	
1.1	At least 5 years experience and good public reputation in the area of business	70
1.2	Experiences in conducting agreed upon procedure following ISRS 4400 standard or audits following ISA standard.	80
1.3	At least 3 years experiences conducting spot checks/audits of development projects in Cambodia. Familiarity with the policies, rules and procedures (accounting procedures, procurement rules, HR policy) of the agencies of United Nations and the Royal Government of Cambodia.	150

Total Form 1	300

Technical Proposal Evaluation Form 2		Points Obtainable
Proposed Methodology, Approach and Implementation Plan		
2.1	To what extent does the Offeror understand the task? Have the important aspects of the task been addressed in sufficient detail?	50
2.2	Is the scope of task well defined and does it correspond to the TOR?	80
2.3	Is the presentation clear and is the sequence of activities and the planning logical, realistic and promise efficient implementation to the project?	70
Total Form 2		**200**

Technical Proposal Evaluation Form 3			Points Obtainable
Management Structure and Key Personnel			
3.1	**Team Leader/Manager (1 post)**		150
	Master of Business Administration (MBA) with a specialization in accounting or finance or Certified public accountant (CPA) Accreditation	30	
	At least 8 years of experiences responsible for leading and supervising teams conducting agreed upon procedure following ISRS 4400 standard or audit exercise following ISA standard	40	
	Experience in supervising and instructing the audit teams, reviewing procurement processes, providing the audit rating, and conducting quality control to conform with the requirements set forth in the Terms of Reference.	40	
	Experience in leading spot checks/ audits for UN Agencies or development projects in Cambodia	40	
3.2	**Team Members (5 posts)**		350 (70 points for each proposed team member)
	Bachelor's degree in Accounting, Finance or related field from a recognized university. Membership in Association of Chartered Certified Accountant is an advantage.	20	
	At least 5 years of work experience conducting agreed upon procedure following ISRS 4400 standard or audit exercise following ISA standard	20	

	Experience in conducting spot checks/ audits for UN Agencies or development projects in Cambodia	20	
	Fluency in reading/writing/speaking in Khmer language	10	
Total Form 3			**500**

Financial Proposal (30%)
Only the Financial Proposal of the Service Providers that passed the minimum technical score of 70% of the obtainable score of 1000 points in the evaluation of the technical proposals will only be considered and opened for evaluation using the above formula.

Post Qualification Review	UNDP reserves the right to undertake a post-qualification exercise aimed at determining, to its satisfaction the validity of the information provided by the Proposer. Such post-qualification shall be fully documented and, among those that may be listed in the Terms of Reference, may include, but need not be limited to, all or any combination of the following: a) Verification of accuracy, correctness and authenticity of information provided by the Proposer on the legal, technical and financial documents submitted; b) Validation of extent of compliance to the RFP requirements and evaluation criteria based on what has so far been found by the evaluation team; c) Inquiry and reference checking with other previous clients on the quality of performance on ongoing or previous contracts completed; d) Physical inspection of the Proposer's offices, branches or other places where business transpires, with or without notice to the Proposer; and e) Other means that UNDP may deem appropriate, at any stage within the selection process, prior to awarding the contract.
UNDP will award the contract to:	2 LTA Contractors (one back up LTA in case failure/unavailability of the first LTA for any unknown reason or unsatisfactory services)
Annexes to this RFP[4]	• Terms of Reference (Annex B) • Form for Submission of Technical Proposal (Annex C) • Form for Submission of Financial Proposal (Annex D) • General Terms and Conditions / Special Conditions (Annex E)

[4] *Where the information is available in the web, a URL for the information may simply be provided.*

Contact Person for Inquiries (Written inquiries only)[5]	UNDP Cambodia Registry Office (located in Building No. 3, Ground Floor) No. 53, Pasteur Street, PO Box 877, Phnom Penh, Cambodia Tel: 023 216 167, Fax: 023 216 257 Attn: Procurement Unit, E-mail: procurement.kh@undp.org Any delay in UNDP's response shall be not used as a reason for extending the deadline for submission, unless UNDP determines that such an extension is necessary and communicates a new deadline to the Proposers.
Other Information *[pls. specify]*	N/A

[5] *This contact person and address is officially designated by UNDP. If inquiries are sent to other person/s or address/es, even if they are UNDP staff, UNDP shall have no obligation to respond nor can UNDP confirm that the query was received.*

Annex B

TERMS OF REFERENCE FOR SPOT CHECK

I- Background

Spot Check is an assurance activity of the Harmonized Approach to Cash Transfer (HACT) framework of the United Nations. The HACT framework represents a common operational (harmonized) framework for transferring cash to government and non-governmental Implementing Partners (IPs) and Responsible Parties (RPs), irrespective of whether these partners work with one or multiple United Nation agencies. It was first adopted by UNDP, UNICEF, UNFPA and WFP in 2005.

II- Objective

Spot check is an agreed-upon procedure attest engagement in which the service provider is expected to issue a report on factual findings based on specific agreed-upon procedures performed. Spot check is not an audit. Therefore, the service provider is not required to express an assurance.

The primary objective of Spot Check is to determine whether the funds transferred to IPs were used for their intended purposes and in accordance with the work plan. Spot checks are performed to assess the accuracy of the financial records for cash transfers to IPs, status of the programme and whether there have been any significant changes to applicable internal controls.

Standards: The spot check shall be conducted in accordance with International Standards on Related Services (ISRS) 4400, *Agreed-upon Procedures Regarding Financial Information*.

III- Procedures:

1. Compare documentation obtained describing the IP's/RP's financial management internal controls against the most recent micro assessment from the corresponding programme cycle. Assess and report whether there have been any material changes in the internal control and the impact, if any, on the Adjusted Risk Rating.

2. Inquire of IP/RP management whether there have been any changes to internal controls since the prior Micro Assessment from the corresponding programme cycle. Document any changes or inconsistencies identified.

3. If a separate bank account is maintained for UNDP funds provided (and other agencies' funds for shared IPs), confirm that bank reconciliations are completed and all activity is properly recorded.

4. Obtain the FACE reports for the quarters.

   - Reconcile the expenditure totals, per activity if applicable, on the FACE reports to the Implementing Partner/ Responsible Party's accounting records (i.e., general ledger or list of individual transactions).
   - Select a sample of receipts from UNDP, assess whether they were deposited into the IP/RP's bank account by verifying the bank statement.
   - Verify that the FACE reports were signed by authorized officials.
   - Verify that FACE form was submitted consistent with the periodicity-of-disbursement requirement (10 days).

5. Obtain from IPs/RPs the detailed transaction listing reported on the quarterly FACE form(s). Select a sample that represents at least 20% by value of transactions reported during the spot check period. The sample selection should prioritize on:

   a. Expense categories where known issues have previously been identified that may indicate increased risk, including taking into account programme monitoring results.
   b. Select known historically sensitive account categories e.g. procurement of goods and services, travel, workshops, consultants if they have significant expenses incurred.
   c. Identify and select a sample from expense categories that are materially over budget.
   d. Sample at random from other categories of expenses

For the sample selected, perform the following procedures:

- Verify that activity related to the expenditure is in accordance with the approved Annual Work Plan (AWP). If there is any deviation from the budget above 10%, assess whether they were authorized.
- Verify that expenditure was reflected on a certified FACE form(s) submitted to UNDP
- Verify that expenditure was reflected in the accounting records and bank statement of the IP/RP
- Verify that documentation exists (e.g. invoices, purchase orders, contracts, vouchers, receipt of goods, bank transfers/checks, bank statements) to support the expenditure in accordance with financial and procurement policies.
- Randomly obtain confirmation of fund receipts or outstanding balances with suppliers/fund recipients.
- Verify if there is adequate segregation of duties in processing the transactions.
- Verify if payment vouchers are authorized and checks are signed by the designated officials.
- Review mathematical computation of individual payments and total payments against the expenditures.
- Verify that supporting documents are stamped "PAID" indicating which agency funded the transaction
- Verify the price paid for goods or services againsted UN agreed standard rates (if readily available)

6. Human resources management: obtain 20% sample of the HR records and HR processes (recruitment & contract extension) and perform the following procedures:

- Verify if recruitment and contract extension process was carried out in accordance with established rules and procedures
- Verify if remuneration offered to staff is in accordance with approved salary scale
- Verify if there is proper documentation supporting each sample case
- Verify if there is leave management in place

7. Asset management: perform the following procedures:
   - Obtain a list of current fixed asset of the project and verify that there is net book value (NBV) of each asset
   - Verify that asset custodian form is in place
   - Conduct physical sighting of assets
   - Obtain a list of the processes carried out for disposal of asset, verify if asset disposal process is conducted in accordance with to established policies and procedures
   - Verify if there is logbook for vehicle usage

8. Review the status of implementation of recommendations from the previous audits conducted on the IP/RP.

9. Discuss the findings of the review with the designated official of the Implementing Partner.

IV- <u>Deliverables:</u>

1. A standard agreed-upon procedures report (Spot Check report) in accordance with the applicable standards, which includes:
   - An enumeration of the agreed-upon procedures performed and a summary of corresponding factual findings;
   - A statement indicated that the report is intended solely for the information and use of the specified parties;
   - An identification of the specified parties to whom use is restricted;
   - A statement that the report is not intended to be and should not be used by anyone other than the specified parties; and
   - An explicit statement that the scope of agreed-upon procedures does not provide the same level of assurance as that of an audit or review.

   A report template following ISRS 4400 has been included in **<u>Appendix 1</u>**.

2. Spot check Workplan detailing work performed. Refer to template provided in **<u>Appendix 2</u>**.

3. A Management letter providing details of spot check findings and their impact to internal control, service provider's recommendations and IP/RP management responses. Refer to detail guidance in **<u>Appendix 3</u>**.

V- Qualification of the Service Provider:

As noted in ISRS 4400 paragraph 7: "The auditor should comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code). Ethical principles governing the auditor's professional responsibilities for this type of engagement are:

(a) Integrity;
(b) Objectivity;
(c) Professional competence and due care;
(d) Confidentiality;
(e) Professional behavior; and
(f) Technical standards."

Independence is not a requirement for agreed-upon procedures engagements. However, the terms or objectives of an engagement or national standards may require the third party service provider to comply with the independence requirements of the IESBA Code. Where the service provider is not independent, a statement to that effect should be made in the report of factual findings.

Expertise of firm submitting proposal:

- At least 5 years experience and good public reputation in the area of business
- Experiences in conducting agreed upon procedure following ISRS 4400 standard or audits following ISA standard
- Familiarity with the policies, rules and procedures (accounting procedures, procurement rules, HR policy) of the agencies of United Nations and the Royal Government of Cambodia
- Proven record of the firm's human resources including number for each level of Professional staff, partner/ staff ratio.
- Experiences conducting spot checks/audits of development projects in Cambodia

Key personnel:

The following key personnels are requested as part of the proposal:

1. Team Leader/Manager (1 post): the person will play an overall guiding role on the spot check process and ensure that the spot check is conducted in compliance with the ISRS standard, review the quality of spot check deliverables and ensure timely submission of the deliverables to UNDP. The following are minimum requirements for the post:

   - Master of Business Administration (MBA) with a specialization in accounting or finance or Certified Public Accountant (CPA) accreditation
   - At least 8 years of experiences responsible for leading and supervising teams conducting agreed upon procedure following ISRS 4400 standard or audit exercise following ISA standard
   - Experience in supervising and instructing the audit teams, reviewing procurement processes, providing the audit rating, and conducting quality control to conform with the requirements set forth in the Terms of Reference.
   - Experience in leading spot checks/ audits for UN Agencies or development projects in Cambodia

2. Team members (5 posts): The firm is requested to provide at least 5 Team Members in the proposal. At least one team member is required to be available on-site to conduct the agree-upon proceedures of each project. The following are minimum requirements for the post:

   - Bachelor's degree in Accounting, Finance or related field from a recognized university. Membership in Association of Chartered Certified Accountant is an advantage.
   - At least 5 years of work experience conducting agreed upon procedure following ISRS 4400 standard or audit exercise following ISA standard
   - Experience in conducting prior audits for UN Agencies or development projects in Cambodia
   - Fluency in reading/writing/speaking in Khmer language

3. Experienced spot check assistants may be arranged by the firm as needed. Assistants shall in no circumstance conduct on-site review if not accompanied by the assigned Team Member for each project.

Appendix 1: Template for Report on Factual Findings

REPORT OF FACTUAL FINDINGS

To: UNDP Cambodia

We have performed the Procedures agreed with you and enumerated below with respect to the programme/project disbursements related to [insert programme/project name and number] as at (for the XX month period ended) (date), set forth in the accompanying management letter. Our engagement was undertaken in accordance with the International Standard on Related Services (refer to relevant national standards or practices) applicable to agreed-upon procedures engagements. The procedures were performed solely to assist you in evaluating the validity of accounting records that support cash transfers from UNDP and are summarized as follows:

1. Compare documentation obtained describing the IP's/RP's financial management internal controls against the most recent micro assessment from the corresponding programme cycle. Assess and report whether there have been any material changes in the internal control and the impact, if any, on the Adjusted Risk Rating.

2. Inquire of IP/RP management whether there have been any changes to internal controls since the prior Micro Assessment from the corresponding programme cycle. Document any changes or inconsistencies identified.

3. If a separate bank account is maintained for UNDP funds provided, confirm that bank reconciliations are completed and all activity is properly recorded.

4. Obtain the FACE reports for the quarters.

   - Reconcile the expenditure totals, per activity if applicable, on the FACE reports to the Implementing Partner/ Responsible Party's accounting records (i.e., general ledger or list of individual transactions).
   - Select a sample of receipts from UNDP, assess whether they were deposited into the Implementing Partner/Responsible Party's bank account by verifying the bank statement.
   - Verify that the FACE reports were signed by authorized officials.
   - Verify that FACE form was submitted consistent with the periodicity-of-disbursement requirement (10 days).

5. Obtain from IPs/RPs the detailed transaction listing reported on the quarterly FACE form(s). Select a sample that represents at least 20% by value of transactions reported during the spot check period. The sample selection should prioritize on:

e. Expense categories where known issues have previously been identified that may indicate increased risk, including taking into account Programme Monitoring results.
f. Select known historically sensitive account categories e.g. procurement of goods and services, travel, workshops, consultants if they have significant expenses incurred.
g. Identify and select a sample from expense categories that are materially over budget.
h. Sample at random from other categories of expenses

For the sample selected, perform the following procedures:

- Verify that activity related to the expenditure is in accordance with the approved Annual Work Plan (AWP). If there is any deviation from the budget above 10%, assess whether they were authorized.
- Verify that expenditure was reflected on a certified FACE form(s) submitted to UNDP
- Verify that expenditure was reflected in the accounting records and bank statement of the IP/RP
- Verify that documentation exists (e.g. invoices, purchase orders, contracts, vouchers, receipt of goods, bank transfers/checks, bank statements) to support the expenditure in accordance with financial and procurement policies.
- Randomly obtain confirmation of fund receipts or outstanding balances with suppliers/fund recipients.
- Verify if there is adequate segregation of duties in processing the transactions.
- Verify if payment vouchers are authorized and checks are signed by the designated officials.
- Review mathematical computation of individual payments and total payments against the expenditures.
- Verify that supporting documents are stamped "PAID" indicating which agency funded the transaction
- Verify the price paid for goods or services againsted UN agreed standard rates (if readily available)

6. Human resources management: obtain 20% sample of the HR records and HR processes (recruitment & contract extension) and perform the following procedures:

- Verify if recruitment and contract extension process was carried out in accordance with established rules and procedures
- Verify if remuneration offered to staff is in accordance with approved salary scale
- Verify if there is proper documentation supporting each sample case
- Verify if there is leave management in place

7. Asset management: perform the following procedures:
- Obtain a list of current fixed asset of the project and verify that there is net book value (NBV) of each asset
- Verify that asset custodian form is in place
- Conduct physical sighting of assets
- Obtain a list of the processes carried out for disposal of asset, verify if asset disposal process is conducted in accordance with to established policies and procedures
- Verify if there is logbook for vehicle usage

8. Review the status of implementation of recommendations from the previous audits conducted on the IP/RP.

9. Discuss the findings of the review with the designated official of the Implementing Partner.

We report our findings below:

a. With respect to item 1 we found [provide detail for findings].
b. With respect to item 2 we found [provide detail for findings].
c. With respect to item 3 we found [provide detail for findings].
d. With respect to item 4 we found [provide detail for findings].

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagement (or relevant national standards or practices), we do not express any assurance on the programme disbursement as of (for the XX month period ended) (date).

Had we performed additional procedures or had we performed an audit or review of the financial statement in accordance with International Standards on Auditing or International Standards on Review Engagement (or relevant national standards or practices), other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties. This report relates only to the item specified above and does not extend to any financial statement of the implementing partner, taken as a whole.

Auditor Signature
Date
Address

Appendix 2 – Spot-check Workplan Example

Spot Check Workplan

Programme Tittle	
Project Tittle	
Name of Implementing Partner (IP)	
Location of IP / Programme	
IP contact person or position	
Start/End Date of Spot Check (dd/mm/yy – dd/mm/yy)	
Dates covered by FACE form selected for testing (dd/mm/yy – dd/mm/yy)	
Date of last Spot-Check (dd/mm/yy – dd/mm/yy)	
Member(s) of the Spot Check Team (Name, Designation, Section/Organization)	
IP staff whom the member of the Spot Check Team met and worked with during the Spot Check (Name and tittle)	

Complete the following procedures:

	Procedure	Finding
1	Compare documentation obtained describing the IP's/RP's financial management internal controls against the most recent micro assessment from the corresponding programme cycle. Assess and report whether there have been any material changes in the internal control and the impact, if any, on the Adjusted Risk Rating.	
2	Inquire of IP management whether there have been any changes to internal controls since the prior Micro Assessment from the corresponding programme cycle.	

	Document any changes or inconsistencies identified.	
3	If a separate bank account is maintained for UNDP funds provided (and other agencies' funds for shared IPs), confirm that bank reconciliations are completed and all activity is properly recorded.	
4	Obtain the FACE reports for the quarters. ▪ Reconcile the expenditure totals, per activity if applicable, on the FACE reports to the Implementing Partner's accounting records (i.e., general ledger or list of individual transactions). ▪ Select a sample of receipts from UNDP (and other UN agencies for joint spot check), assess whether they were deposited into the Implementing Partner's bank account by verifying the bank statement. ▪ Verify that the FACE reports were signed by authorized officials. ▪ Verify that FACE form was submitted consistent with the periodicity-of-disbursement requirement (10 days).	

5. Review of Sample of Expenditures: Complete the following table for details related to each sample.

Sample Expenditure Description and Voucher number	Sample Expenditure Amount Reported (USD)	Activity related to the expenditure is in accordance with the approved Annual Work Plan (AWP). Authorization obtained for any deviation above 10% of budget.	Expenditure was reflected on a certified FACE form(s) submitted to UNDP	Verify that expenditure was reflected in the accounting records and bank statement of the IP/RP	Documentation Exists to support the expenditure in accordance with financial and procurement policies	There is adequate segregation of duties in processing the transactions.	Payment vouchers are authorized and checks are signed by the designated officials.	Review mathematical computation of individual payments and total payments against the expenditures.	Confirmation of fund receipts or outstanding balances with suppliers/fund recipients (random selection).	Verify that supporting documents are stamped "PAID" indicating which agency funded the transaction	Price Paid for goods or service against UN agreed standard rates (if readily available	Comment / Finding
Total Sample Expenditures:												
Total Expenditures reported on FACE forms during period under Spot Check (USD):												
Percentage coverage (Total Sample Expenditures divided by Total Expenditures report on FACE forms during period under spot Check):												

6. Human Resources Management

Procedures	Comment/ Findings
i. Verify if recruitment and contract extension process was carried out in accordance with established rules and procedures	
ii. Verify if remuneration offered to staff is in accordance with approved salary scale	
iii. Verify if there is proper documentation supporting each sample case	
iv. Verify if there is leave management in place	

7. Asset Management

Procedures	Comments/ Findings
i. Obtain a list of current fixed asset of the project and verify that there is net book values (NBV) of each asset	
ii. Verify that asset custodian form is in place	
iii. Conduct physical sighting of assets	
iv. Obtain a list of the processes carried out for disposal of asset, verify if asset disposal process is conducted in accordance with to established policies and procedures	
v. Verify if there is logbook for vehicle usage	

8. Update the status of previous audit/spot check findings and recommendations

Award no.:			Output No.:			Opinion Type:						
Obs No	Observation	Recommendation	Audit Area	Risk Severity	Proj/CO Mngt Comments	Action(s) Planned	Target Impl. Date	Action Unit	Person Responsible for Action	Updated Status	Actual Impl. Date	Description of Status Update

Note: The values for the "Updated Status" could be: Implemented, In Progress, Not Implemented, N/A or Withdrawn. "N/A" means not applicable and would be used if there is an overall change in a project's working environment that makes last year's audit observation no longer applicable. For example, the project has been closed. Another example for using "N/A" is a project that had its own bank account and last year' audit recommendation called for the need to perform monthly bank reconciliation. However the following year, the auditor notes that the bank account has been closed. "Withdrawn" would be used if there is an overall change in a project's working environment that makes last year's audit observation and recommendation no longer valid. "Withdrawn" is very rarely used.

Appendix 3: Template for Managment letter

Table of Contents

1. Executive Summary
2. Spot check, Objectives, Scope and Operational Overview
3. Detail Assessment
    a. Financial Operations, Controls and Cash/Fund Management
    b. Procurement of Goods and Services
    c. Human Resources Management
    d. Asset Management, ICT and General Issues

4. Status of previous audit recommendations

Annex 1: Summary of Spot Check Recommendations

1. Introduction

Background

On behalf of the UNDP, [insert auditor firm name] conducted an Agreed Upon Procedures engagement in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements (ISRS 4400), regarding [insert project title] bearing project ID number XXXXX in XXX 20XX *(month and year)*.

The purpose of the engagement was for the auditor to carry out procedures of an advisory nature. The engagement covered the period from XXX until XXXX 20XX (*insert month and year*).

Overall Assessment

Based on the weighted rating of individual areas per agency guidance, the overall level of internal control with respect to the XXXX project's operations is considered to be ***Satisfactory/Partially Satisfactory/Unsatisfactory***. It should be noted, however, that we consider the level of internal control in XXXX area to be ***Satisfactory/Partially Satisfactory/Unsatisfactory*** (*if any*).

Management should consider this rating within the context of the recommendation that XXXX project management team should attempt to strengthen its management practices in the following areas:

Xx
xx

Highlights

This letter contains XX recommendations, of which XX are considered high priority, XX are considered medium priority and XX are considered low priority, as per definitions in Annex 1. These recommendations are summarized above and detailed throughout this report and in Annex 2.

Good Practices Observed

XXX

2. Spot Check Objectives, Scope and Operational Overview

Objectives

[insert objectives]

Scope

During the engagement, relevant samples of documents and transactions for the period covered by the engagement were reviewed. Discussions were held with [insert agency name] staff and personnel at Cambodia Country office throughout the engagement.

Standards

The engagement has been conducted as per the International Standard on Related Services applicable to agreed-upon procedures engagements (ISRS 4400).

Operational Overview

[Here provide a brief background of the project, including, project budget, expenditure, staffing, and key financial indicators.]

Office Management

The management of the XX project at the time of the engagement consisted of:

XXX
XXX

The engagement team extends its appreciation to the management and staff members of [insert agency name] office in XXX project for their full cooperation during the engagement.

3. Detailed Assessment

The details of the findings are contained in the subsequent **Spot Check Subject A to F** of this report.

A: Financial Operations, Controls and Cash/Fund Management

Observation A.1:
This is where the observation is written. Effective Spot check observations should consist of four (4) common elements:

1. Condition
2. Criteria
3. Effect, potential impact or risk
4. Recommendation

Refer to Annex 4: Guidance of formulating spot check observations and recommendations

Observation A.2

[same format as above]

B: Procurement of Goods and Services

Observation B.1:
This is where the observation is written. Effective Spot check observations should consist of four (4) common elements:

1. Condition
2. Criteria
3. Effect, potential impact or risk
4. Recommendation

Refer to Annex 4: Guidance of formulating spot check observations and recommendations

Observation B.2

[same format as above]

C: Human Resources Management

Observation C.1:
This is where the observation is written. Effective Spot check observations should consist of four (4) common elements:

1. Condition
2. Criteria
3. Effect, potential impact or risk
4. Recommendation

Refer to Annex 4: Guidance of formulating spot check observations and recommendations

Observation C.2

[same format as above]

D: Asset/Property Management, ICT and General Issues

Observation D.1:
This is where the observation is written. Effective Spot check observations should consist of four (4) common elements:

1. Condition
2. Criteria
3. Effect, potential impact or risk
4. Recommendation

Refer to Annex 4: Guidance of formulating spot check observations and recommendations

Observation D.2

[same format as above]

4. Status of Previous Audit Recommendations

Award no.:			Output No.:			Opinion Type:						
Obs No	Observation	Recommendation	Audit Area	Risk Severity	Proj/CO Mngt Comments	Action(s) Planned	Target Impl. Date	Action Unit	Person Responsible for Action	Updated Status	Actual Impl. Date	Description of Status Update

Note: The values for the "Updated Status" could be: Implemented, In Progress, Not Implemented, N/A or Withdrawn. "N/A" means not applicable and would be used if there is an overall change in a project's working environment that makes last year's audit observation no longer applicable. For example, the project has been closed. Another example for using "N/A" is a project that had its own bank account and last year' audit recommendation called for the need to perform monthly bank reconciliation. However the following year, the auditor notes that the bank account has been closed. "Withdrawn" would be used if there is an overall change in a project's working environment that makes last year's audit observation and recommendation no longer valid. "Withdrawn" is very rarely used.

Annex 1: **Summary of Spot Check Recommendations**

Observ. No	Spot check Observation	Recommendation	Area	Risk Severity	Project Mngmt. Response	Action Plan	Responsible person	Target implementation date

Appendix 4: Guidance of Formulating Spot Check Observations and Recommendations

The purpose of this note is to provide guidance on formulating audit observations and recommendations that are effective.

Effective audit observations should consist of four (4) common elements:

1) Condition
2) Criteria
3) Effect, potential impact or Risk
4) Recommendation

Items 1 to 3 must be part of what constitutes an audit observation. Below are helpful tips on each of these areas.

CONDITION

The "Condition" refers to a conclusion, problem, or opportunity noted during the audit review. It directly addresses a control objective or some other standard of performance. Sample condition statements include:

- ” The appropriate individual did not authorize this document."
- "The account has not been reconciled for three months."
- "The process can be streamlined to save six hours per day."

When documenting the condition, it is important to include the necessary level of detail in the description of the problem. Someone who has not participated in the audit, but has some basic understanding of the subject matter or function, should be able to comprehend any condition statement.

CRITERIA

This element describes the standard being used as the benchmark for evaluation. In other words, it depicts the ideal condition. The criteria may reference a specific policy, procedure, or government regulation. At other times, the criteria may simply be a matter of common sense or prudent business practice. For example, a criteria statement might state that "Per policy #1234, all loans greater than $100,000 must be approved by the board of directors;" or "Payroll processing responsibilities should be segregated to control the authorization of master file changes."

EFFECT, POTENTIAL IMPACT OR RISK

The effect statement describes the particular risk that could exist (the potential impact or risk) or that has already existed (the effect) as a result of the condition or problem. Basically, it answers the question, "so what?" Effect statements often discuss the potential for loss, noncompliance, or customer dissatisfaction created by the problem.

Management is likely to zero in on the information provided in this aspect of the audit observation, as it allows them to see how the condition will negatively impact their activities. As a result, the effect statement often serves as the catalyst for a positive change.

One note of caution is in order - the risk suggested by the effect statement should not be overblown or exaggerated. While auditors are responsible for pointing out risks associated with control breakdowns, the effect statement should remain reasonable, plausible and should not be worded as if

the world were coming to an end. If auditees are to take the audit observation seriously and respect what an auditor has to say, an auditor talks about risk in realistic, not exaggerated, terms.

Risk Levels

In addition to explaining the and giving details about the "Effect, potential impact or risk" in the text of an audit observation, UNDP requires that the auditor also identifies the risk level in the audit report by using one of the following 3 pre-established risk levels:

High	Prompt action is required to ensure that UNDP is not exposed to high risks, i.e. failure to take action could result in major negative consequences and issues.
Medium	Action is required to ensure that UNDP is not exposed to risks that are considered moderate. Failure to take action could contribute to negative consequences for UNDP.
Low	Action is desirable and should result in enhanced control or better value for money.

RECOMMENDATION

This aspect suggests how the situation might be remedied. An effective recommendation directly relates to and targets the cause. It isn't enough to state in general terms that management should fix the problem; the recommendation statement should also explain how remediation is to be achieved.

A good recommendation maintains the proper balance between the risk presented and the cost to control it. Before making a recommendation, the auditor should consider the following questions:

Does the recommendation solve the problem and eliminate or reduce the risk?

- Can the recommendation be implemented within the current environment?
- Is the recommendation cost-effective?
- Will the recommendation act as a temporary bandage or a permanent solution?

Examples of effective recommendations include monthly or quarterly physical inventories of all assets and equipment with reconciliation to appropriate records.

ADDITIONAL TIPS

Whenever possible, similar findings should be combined into one form so that the case for implementing the recommendation is strengthened.

Playing devil's advocate can be an extremely helpful exercise. After completing the audit observation and recommendation, auditors should place themselves in the auditees' shoes and challenge/question the validity of the issue. If the issue cannot stand up to this exercise, it probably should not be included in the audit report.

Annex 4: List of Implementation Partners and Responsible Parties for Country Programme cycle 2016-2018

#	Implementing Partner (IP) name	Relevant Project (s)	Partner type	Location
1	National Council for Sustainable Development/ Climate Change Department	1. Cambodia Climate Change Alliance (CCCA) Phase II 2. Reducing the vulnerability of Cambodian rural livelihoods through enhanced sub-national climate change planning and execution of priority actions (SRL)	Gov.	Phnom Penh
2	National Council for Sustainable Development/ Department of Biodiversity	Generating, Accessing and Using Information and Knowledge Related to the Three Rio Conventions	Gov.	Phnom Penh
3	Forestry Administration	Forest Carbon Partnership Facility (FCPF)	Gov.	Phnom Penh
4	Cambodia Disabled People Organization	Disability Rights Initiative of Cambodia (DRIC)	CSO	Phnom Penh
5	BBC Media Action	Multimedia Initiative for Youth (MIY)	CSO	Phnom Penh
6	Council for the Development of Cambodia	Partnership for Development Results Phase II (PfDR II)	Govt	Phnom Penh
7	Cambodia Mine Action and Victim Assistance Authority	Mine Action for Human Development (MAfHD)	Govt	Battambang, Banteay Meanchey, Pailin
8	Association of Sub-National Administration Councils	Association of Councils Enhanced Services (ACES)	CSO	Phnom Penh
9	National Committee for Sub-national Democratic Development	Reducing the vulnerability of Cambodian rural livelihoods through enhanced sub-national climate change planning and execution of priority actions (SRL)	Govt	Phnom Penh, Siem Reap, Kampong Thom
	Total IP			

Annex C

FORM FOR SUBMITTING SERVICE PROVIDER'S PROPOSAL[6]

(This Form must be submitted only using the Service Provider's Official Letterhead/Stationery[7])

[insert: *Location*].
[insert: *Date*]

To: [*insert: Name and Address of UNDP focal point*]

Dear Sir/Madam:

We, the undersigned, hereby offer to render the following services to UNDP in conformity with the requirements defined in the RFP dated *[specify date]* , and all of its attachments, as well as the provisions of the UNDP General Contract Terms and Conditions :

A. **Qualifications of the Service Provider**

The Service Provider must describe and explain how and why they are the best entity that can deliver the requirements of UNDP by indicating the following :

a) Profile – describing the nature of business, field of expertise, licenses, certifications, accreditations;
b) Business Licenses – Registration Papers, Tax Payment Certification, etc.
c) Latest Audited Financial Statement – income statement and balance sheet to indicate Its financial stability, liquidity, credit standing, and market reputation, etc. ;
d) Track Record – list of clients for similar services as those required by UNDP, indicating description of contract scope, contract duration, contract value, contact references;
e) Certificates and Accreditation – including Quality Certificates, Patent Registrations, Environmental Sustainability Certificates, etc.
f) Written Self-Declaration that the company is not in the UN Security Council 1267/1989 List, UN Procurement Division List or Other UN Ineligibility List.

B. **Proposed Methodology for the Completion of Services**

The Service Provider must describe how it will address/deliver the demands of the RFP; providing a

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[6] *This serves as a guide to the Service Provider in preparing the Proposal.*
[7] *Official Letterhead/Stationery must indicate contact details – addresses, email, phone and fax numbers – for verification purposes*

detailed description of the essential performance characteristics, reporting conditions and quality assurance mechanisms that will be put in place, while demonstrating that the proposed methodology will be appropriate to the local conditions and context of the work.

C. **Qualifications of Key Personnel**

If required by the RFP, the Service Provider must provide :

a) Names and qualifications of the key personnel that will perform the services indicating who is Team Leader, who are supporting, etc.;
b) CVs demonstrating qualifications must be submitted if required by the RFP; and
c) Written confirmation from each personnel that they are available for the entire duration of the contract.

[Name and Signature of the Service Provider's
[Authorized Person]……..
[Designation]……
[Date]…….

Annex D

FORM FOR SUBMITTING SERVICE PROVIDER'S FINANCIAL PROPOSAL[8]

(This Form must be submitted only using the Service Provider's Official Letterhead/Stationery[9])

[insert: *Location]*.
[insert: *Date]*

To: [*insert: Name and Address of UNDP focal point]*

The Financial Proposal must provide a detailed cost breakdown. Provide separate figures for each functional grouping or category.

Cost Breakdown by Expenditure Threshold [*This is only an Example]*:

The Proposers are requested to provide the cost breakdown for the above given prices for each expenditure threshold based on the following format. UNDP shall use the cost breakdown for the price reasonability assessment purposes as well as the calculation of price in the event that both parties have agreed to add new deliverables to the scope of Services.

No	Expenditure	# of spot check	Unit Price (USD)	Total Price (USD)
1	Below US$ 100,000	1		
2	From US$ 100,001 to US$ 200,000	1		
3	From US$ 200,001 to US$ 400,000	1		
5	From US$ 400,001 to US$ 800,000	1		
6	From US$ 800,001 to US$ 1,200,000	1		
7	From US$1,200,001 to US$ 1,600,000	1		
8	From US$ 1,600,001 to US$ 2,000,000	1		
9	From US$ 2,000,001 to US$ 2,500,000	1		

[8] *This serves as a guide to the Service Provider in preparing the Proposal.*
[9] *Official Letterhead/Stationery must indicate contact details – addresses, email, phone and fax numbers – for verification purposes*

Price schedule for provincial visit (Not subject to evaluate)

No	No. of provincial visit (1 day for each province)	Proposed price/ day
1	1 province	
2	2-3 provinces	
3	4-5 provinces	

Name and Signature of the Service Provider's
[Authorized Person]
[Designation]
[Date]

NOTE: WHEN SUBMITTING YOUR BID DOCUMENTS, PLEASE CAREFULLY PLACE THE TECHNICAL AND FINANCIAL PROPOSALS IN SEPARATE SEALED ENVELOPES

Annex E

General Terms and Conditions for Services

1.0 LEGAL STATUS:

The Contractor shall be considered as having the legal status of an independent contractor vis-à-vis the United Nations Development Programme (UNDP). The Contractor's personnel and sub-contractors shall not be considered in any respect as being the employees or agents of UNDP or the United Nations.

2.0 SOURCE OF INSTRUCTIONS:

The Contractor shall neither seek nor accept instructions from any authority external to UNDP in connection with the performance of its services under this Contract. The Contractor shall refrain from any action that may adversely affect UNDP or the United Nations and shall fulfill its commitments with the fullest regard to the interests of UNDP.

3.0 CONTRACTOR'S RESPONSIBILITY FOR EMPLOYEES:

The Contractor shall be responsible for the professional and technical competence of its employees and will select, for work under this Contract, reliable individuals who will perform effectively in the implementation of this Contract, respect the local customs, and conform to a high standard of moral and ethical conduct.

4.0 ASSIGNMENT:

The Contractor shall not assign, transfer, pledge or make other disposition of this Contract or any part thereof, or any of the Contractor's rights, claims or obligations under this Contract except with the prior written consent of UNDP.

5.0 SUB-CONTRACTING:

In the event the Contractor requires the services of sub-contractors, the Contractor shall obtain the prior written approval and clearance of UNDP for all sub-contractors. The approval of UNDP of a sub-contractor shall not relieve the Contractor of any of its obligations under this Contract. The terms of any sub-contract shall be subject to and conform to the provisions of this Contract.

6.0 OFFICIALS NOT TO BENEFIT:

The Contractor warrants that no official of UNDP or the United Nations has received or will be offered by the Contractor any direct or indirect benefit arising from this Contract or the award thereof. The Contractor agrees that breach of this provision is a breach of an essential term of this Contract.

7.0 INDEMNIFICATION:

The Contractor shall indemnify, hold and save harmless, and defend, at its own expense, UNDP, its officials, agents, servants and employees from and against all suits, claims, demands, and liability of any nature or kind, including their costs and expenses, arising out of acts or omissions of the Contractor, or the Contractor's employees, officers, agents or sub-contractors, in the performance of this Contract. This provision shall extend, inter alia, to claims and liability in the nature of workmen's compensation, products liability and liability arising out of the use of patented inventions or devices, copyrighted material or other intellectual property by the Contractor, its employees, officers, agents, servants or sub-contractors. The obligations under this Article do not lapse upon termination of this Contract.

8.0 INSURANCE AND LIABILITIES TO THIRD PARTIES:

8.1 The Contractor shall provide and thereafter maintain insurance against all risks in respect of its property and any equipment used for the execution of this Contract.

8.2 The Contractor shall provide and thereafter maintain all appropriate workmen's compensation insurance, or the equivalent, with respect to its employees to cover claims for personal injury or death in connection with this Contract.

8.3 The Contractor shall also provide and thereafter maintain liability insurance in an adequate amount to cover third party claims for death or bodily injury, or loss of or damage to property, arising from or in connection with the provision of services under this Contract or the operation of any vehicles, boats, airplanes or other equipment owned or leased by the Contractor or its agents, servants, employees or sub-contractors performing work or services in connection with this Contract.

8.4 Except for the workmen's compensation insurance, the insurance policies under this Article shall:

8.4.1 Name UNDP as additional insured;
8.4.2 Include a waiver of subrogation of the Contractor's rights to the insurance carrier against the UNDP;
8.4.3 Provide that the UNDP shall receive thirty (30) days written notice from the insurers prior to any cancellation or change of coverage.
8.5 The Contractor shall, upon request, provide the UNDP with satisfactory evidence of the insurance required under this Article.

9.0 ENCUMBRANCES/LIENS:

The Contractor shall not cause or permit any lien, attachment or other encumbrance by any person to be placed on file or to remain on file in any public office or on file with the UNDP against any monies due or to become due for any work done or materials furnished under this Contract, or by reason of any other claim or demand against the Contractor.

10.0 TITLE TO EQUIPMENT:

Title to any equipment and supplies that may be furnished by UNDP shall rest with UNDP and any such equipment shall be returned to UNDP at the conclusion of this Contract or when no

longer needed by the Contractor. Such equipment, when returned to UNDP, shall be in the same condition as when delivered to the Contractor, subject to normal wear and tear. The Contractor shall be liable to compensate UNDP for equipment determined to be damaged or degraded beyond normal wear and tear.

11.0 COPYRIGHT, PATENTS AND OTHER PROPRIETARY RIGHTS:

11.1 Except as is otherwise expressly provided in writing in the Contract, the UNDP shall be entitled to all intellectual property and other proprietary rights including, but not limited to, patents, copyrights, and trademarks, with regard to products, processes, inventions, ideas, know-how, or documents and other materials which the Contractor has developed for the UNDP under the Contract and which bear a direct relation to or are produced or prepared or collected in consequence of, or during the course of, the performance of the Contract, and the Contractor acknowledges and agrees that such products, documents and other materials constitute works made for hire for the UNDP.

11.2 To the extent that any such intellectual property or other proprietary rights consist of any intellectual property or other proprietary rights of the Contractor: (i) that pre-existed the performance by the Contractor of its obligations under the Contract, or (ii) that the Contractor may develop or acquire, or may have developed or acquired, independently of the performance of its obligations under the Contract, the UNDP does not and shall not claim any ownership interest thereto, and the Contractor grants to the UNDP a perpetual license to use such intellectual property or other proprietary right solely for the purposes of and in accordance with the requirements of the Contract.

11.3 At the request of the UNDP; the Contractor shall take all necessary steps, execute all necessary documents and generally assist in securing such proprietary rights and transferring or licensing them to the UNDP in compliance with the requirements of the applicable law and of the Contract.

11.4 Subject to the foregoing provisions, all maps, drawings, photographs, mosaics, plans, reports, estimates, recommendations, documents, and all other data compiled by or received by the Contractor under the Contract shall be the property of the UNDP, shall be made available for use or inspection by the UNDP at reasonable times and in reasonable places, shall be treated as confidential, and shall be delivered only to UNDP authorized officials on completion of work under the Contract.

12.0 USE OF NAME, EMBLEM OR OFFICIAL SEAL OF UNDP OR THE UNITED NATIONS:

The Contractor shall not advertise or otherwise make public the fact that it is a Contractor with UNDP, nor shall the Contractor, in any manner whatsoever use the name, emblem or official seal of UNDP or THE United Nations, or any abbreviation of the name of UNDP or United Nations in connection with its business or otherwise.

13.0 CONFIDENTIAL NATURE OF DOCUMENTS AND INFORMATION:

Information and data that is considered proprietary by either Party and that is delivered or disclosed by one Party ("Discloser") to the other Party ("Recipient") during the course of

performance of the Contract, and that is designated as confidential ("Information"), shall be held in confidence by that Party and shall be handled as follows:

13.1 The recipient ("Recipient") of such information shall:

13.1.1 use the same care and discretion to avoid disclosure, publication or dissemination of the Discloser's Information as it uses with its own similar information that it does not wish to disclose, publish or disseminate; and,

13.1.2 use the Discloser's Information solely for the purpose for which it was disclosed.

13.2 Provided that the Recipient has a written agreement with the following persons or entities requiring them to treat the Information confidential in accordance with the Contract and this Article 13, the Recipient may disclose Information to:

13.2.1 any other party with the Discloser's prior written consent; and,

13.2.2 the Recipient's employees, officials, representatives and agents who have a need to know such Information for purposes of performing obligations under the Contract, and employees officials, representatives and agents of any legal entity that it controls controls it, or with which it is under common control, who have a need to know such Information for purposes of performing obligations under the Contract, provided that, for these purposes a controlled legal entity means:

13.2.2.1 a corporate entity in which the Party owns or otherwise controls, whether directly or indirectly, over fifty percent (50%) of voting shares thereof; or,

13.2.2.2 any entity over which the Party exercises effective managerial control; or,

13.2.2.3 for the UNDP, an affiliated Fund such as UNCDF, UNIFEM and UNV.

13.3 The Contractor may disclose Information to the extent required by law, provided that, subject to and without any waiver of the privileges and immunities of the United Nations, the Contractor will give the UNDP sufficient prior notice of a request for the disclosure of Information in order to allow the UNDP to have a reasonable opportunity to take protective measures or such other action as may be appropriate before any such disclosure is made.

13.4 The UNDP may disclose Information to the extent as required pursuant to the Charter of the UN, resolutions or regulations of the General Assembly, or rules promulgated by the Secretary-General.

13.5 The Recipient shall not be precluded from disclosing Information that is obtained by the Recipient from a third party without restriction, is disclosed by the Discloser to a third party without any obligation of confidentiality, is previously known by the Recipient, or at any time is developed by the Recipient completely independently of any disclosures hereunder.

13.6 These obligations and restrictions of confidentiality shall be effective during the term of the Contract, including any extension thereof, and, unless otherwise provided in the Contract, shall remain effective following any termination of the Contract.

14.0 FORCE MAJEURE; OTHER CHANGES IN CONDITIONS

14.1 In the event of and as soon as possible after the occurrence of any cause constituting force majeure, the Contractor shall give notice and full particulars in writing to the UNDP, of such occurrence or change if the Contractor is thereby rendered unable, wholly or in part, to perform its obligations and meet its responsibilities under this Contract. The Contractor shall also notify the UNDP of any other changes in conditions or the occurrence of any event that interferes or threatens to interfere with its performance of this Contract. On receipt of the notice required under this Article, the UNDP shall take such action as, in its sole discretion; it considers to be appropriate or necessary in the circumstances, including the granting to the Contractor of a reasonable extension of time in which to perform its obligations under this Contract.

14.2 If the Contractor is rendered permanently unable, wholly, or in part, by reason of force majeure to perform its obligations and meet its responsibilities under this Contract, the UNDP shall have the right to suspend or terminate this Contract on the same terms and conditions as are provided for in Article 15, "Termination", except that the period of notice shall be seven (7) days instead of thirty (30) days.

14.3 Force majeure as used in this Article means acts of God, war (whether declared or not), invasion, revolution, insurrection, or other acts of a similar nature or force.

14.4 The Contractor acknowledges and agrees that, with respect to any obligations under the Contract that the Contractor must perform in or for any areas in which the UNDP is engaged in, preparing to engage in, or disengaging from any peacekeeping, humanitarian or similar operations, any delays or failure to perform such obligations arising from or relating to harsh conditions within such areas or to any incidents of civil unrest occurring in such areas shall not, in and of itself, constitute force majeure under the Contract..

15.0 TERMINATION

15.1 Either party may terminate this Contract for cause, in whole or in part, upon thirty (30) days notice, in writing, to the other party. The initiation of arbitral proceedings in accordance with Article 16.2 (“Arbitration”), below, shall not be deemed a termination of this Contract.

15.2 UNDP reserves the right to terminate without cause this Contract at any time upon 15 days prior written notice to the Contractor, in which case UNDP shall reimburse the Contractor for all reasonable costs incurred by the Contractor prior to receipt of the notice of termination.

15.3 In the event of any termination by UNDP under this Article, no payment shall be due from UNDP to the Contractor except for work and services satisfactorily performed in conformity with the express terms of this Contract.

15.4 Should the Contractor be adjudged bankrupt, or be liquidated or become insolvent, or should the Contractor make an assignment for the benefit of its creditors, or should a Receiver be appointed on account of the insolvency of the Contractor, the UNDP may, without prejudice to any other right or remedy it may have under the terms of these conditions, terminate this Contract forthwith. The Contractor shall immediately inform the UNDP of the occurrence of any of the above events.

16.0 SETTLEMENT OF DISPUTES

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

16.2 **Arbitration:** Any dispute, controversy, or claim between the Parties arising out of the Contract or the breach, termination, or invalidity thereof, unless settled amicably under Article 16.1, above, within sixty (60) days after receipt by one Party of the other Party's written request for such amicable settlement, shall be referred by either Party to arbitration in accordance with the UNCITRAL Arbitration Rules then obtaining. The decisions of the arbitral tribunal shall be based on general principles of international commercial law. For all evidentiary questions, the arbitral tribunal shall be guided by the Supplementary Rules Governing the Presentation and Reception of Evidence in International Commercial Arbitration of the International Bar Association, 28 May 1983 edition. The arbitral tribunal shall be empowered to order the return or destruction of goods or any property, whether tangible or intangible, or of any confidential information provided under the Contract, order the termination of the Contract, or order that any other protective measures be taken with respect to the goods, services or any other property, whether tangible or intangible, or of any confidential information provided under the Contract, as appropriate, all in accordance with the authority of the arbitral tribunal pursuant to Article 26 ("Interim Measures of Protection") and Article 32 ("Form and Effect of the Award") of the UNCITRAL Arbitration Rules. The arbitral tribunal shall have no authority to award punitive damages. In addition, unless otherwise expressly provided in the Contract, the arbitral tribunal shall have no authority to award interest in excess of the London Inter-Bank Offered Rate ("LIBOR") then prevailing, and any such interest shall be simple interest only. The Parties shall be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of any such dispute, controversy, or claim.

17.0 PRIVILEGES AND IMMUNITIES:

Nothing in or relating to this Contract shall be deemed a waiver, express or implied, of any of the privileges and immunities of the United Nations, including its subsidiary organs.

18.0 TAX EXEMPTION

18.1 Section 7 of the Convention on the Privileges and Immunities of the United Nations provides, inter-alia that the United Nations, including its subsidiary organs, is exempt from all direct taxes, except charges for public utility services, and is exempt from customs duties and charges of a similar nature in respect of articles imported or exported for its official use. In the event any governmental authority refuses to recognize the United Nations exemption from such taxes, duties or charges, the Contractor shall immediately consult with the UNDP to determine a mutually acceptable procedure.

18.2 Accordingly, the Contractor authorizes UNDP to deduct from the Contractor's invoice any amount representing such taxes, duties or charges, unless the Contractor has consulted with the UNDP before the payment thereof and the UNDP has, in each instance, specifically authorized the Contractor to pay such taxes, duties or charges under protest. In that event, the Contractor shall provide the UNDP with written evidence that payment of such taxes, duties or charges has been made and appropriately authorized.

19.0 CHILD LABOUR

19.1 The Contractor represents and warrants that neither it, nor any of its suppliers is engaged in any practice inconsistent with the rights set forth in the Convention on the Rights of the Child, including Article 32 thereof, which, inter alia, requires that a child shall be protected from performing any work that is likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical mental, spiritual, moral or social development.

19.2 Any breach of this representation and warranty shall entitle UNDP to terminate this Contract immediately upon notice to the Contractor, at no cost to UNDP.

20.0 MINES:

20.1 The Contractor represents and warrants that neither it nor any of its suppliers is actively and directly engaged in patent activities, development, assembly, production, trade or manufacture of mines or in such activities in respect of components primarily utilized in the manufacture of Mines. The term "Mines" means those devices defined in Article 2, Paragraphs 1, 4 and 5 of Protocol II annexed to the Convention on Prohibitions and Restrictions on the Use of Certain Conventional Weapons Which May Be Deemed to Be Excessively Injurious or to Have Indiscriminate Effects of 1980.

20.2 Any breach of this representation and warranty shall entitle UNDP to terminate this Contract immediately upon notice to the Contractor, without any liability for termination charges or any other liability of any kind of UNDP.

21.0 OBSERVANCE OF THE LAW:

The Contractor shall comply with all laws, ordinances, rules, and regulations bearing upon the performance of its obligations under the terms of this Contract.

22.0 SEXUAL EXPLOITATION:

22.1 The Contractor shall take all appropriate measures to prevent sexual exploitation or abuse of anyone by it or by any of its employees or any other persons who may be engaged by the Contractor to perform any services under the Contract. For these purposes, sexual activity with any person less than eighteen years of age, regardless of any laws relating to consent, shall constitute the sexual exploitation and abuse of such person. In addition, the Contractor shall refrain from, and shall take all appropriate measures to prohibit its employees or other persons engaged by it from, exchanging any money, goods, services, offers of employment or other things of value, for sexual favors or activities, or from engaging in any sexual activities that are exploitive or degrading to any person. The Contractor acknowledges and agrees that the provisions hereof constitute an essential term of the Contract and that any breach of this representation and warranty shall entitle UNDP to terminate the Contract immediately upon notice to the Contractor, without any liability for termination charges or any other liability of any kind.

22.2 The UNDP shall not apply the foregoing standard relating to age in any case in which the Contractor's personnel or any other person who may be engaged by the Contractor to perform any services under the Contract is married to the person less than the age of eighteen years with whom sexual activity has occurred and in which such marriage is recognized as valid under the laws of the country of citizenship of such Contractor's personnel or such other person who may be engaged by the Contractor to perform any services under the Contract.

23.0 AUTHORITY TO MODIFY:

Pursuant to the Financial Regulations and Rules of UNDP, only the UNDP Authorized Official possesses the authority to agree on behalf of UNDP to any modification of or change in this Contract, to a waiver of any of its provisions or to any additional contractual relationship of any kind with the Contractor. Accordingly, no modification or change in this Contract shall be valid and enforceable against UNDP unless provided by an amendment to this Contract signed by the Contractor and jointly by the UNDP Authorized Official.