

REQUEST FOR PROPOSALS

For a Long-Term Agreement to Provide Services for the Audit of Development Projects

In the United Nations Development Programme



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New York, 23 February 2015

To who this may concern,

Subject: Request for Proposals (RFP) for a Long-Term Agreement to Provide Services for the Audit of Development Projects in the United Nations Development Programme (UNDP)

The United Nations Development Programme (UNDP) hereby invites you to submit a proposal to enter into a long-term agreement for the provision of services covering the audit of its development projects.

The purpose of the present RFP process is for UNDP to enter into a Long-Term Agreement (LTA) with a qualified audit firm or more for a period of three years. The LTA will essentially serve to agree on an overall contractual framework for providing audit services to UNDP based on pre-established rates. The audit services will be governed by the LTA, the UNDP General Conditions of Contract for Services and the Terms of Reference (Section 7 and 2)

This Request for Proposal (RFP) includes the following documents:

- This Letter of Invitation
- Section 1 – Instructions to Proposers (including Data Sheet)
- Section 2– Terms of Reference
- Section 3 – Proposal Submission Cover Letter Form
- Section 4– Documents Overall Qualifications of the Proposer
- Section 5 – Technical Proposal Form
- Section 6 – Financial Proposal Form
- Section 7 – Long Term Agreement, Terms of References, Contract for Professional Services, including UNDP General Conditions of Contract for Services
- Section 8 - Background Information
- Section 9 – Template for secondary selection based on a Long-Term Agreement
- Section 10 – Eligibility Questionnaire
- Section 11 – Confirmation of Intent to Submit a proposal

Your offer, comprising of a Technical and a Financial Proposal, in separate sealed envelopes, should be submitted in accordance with Section 1 by 16 March 2015 at 4:00 PM (Standard Eastern Time).

You are kindly requested to send back to UNDP an acknowledgment letter confirming your receipt of this RFP and your intent to submit a proposal to the e-mail address oai.bids@undp.org using the form provided in Section 11. This confirmation should be received no later than 9 March 2015, 5:00 PM (Standard Eastern Time).

If you have received this RFP through a direct invitation by UNDP, transferring this invitation to another firm requires your written notification to UNDP of such transfer and the name of the company to whom the invitation was forwarded.

We invite you to first review Section 10 – Eligibility Questionnaire. This will help you determine whether your firm meets all the minimum criteria required for your proposal to be accepted by UNDP.



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If you consider that you can fully meet all the minimum eligibility criteria listed in Section 10, you can then proceed to Sections, 1, 5 and 6 which will give you information on how the proposal process will be managed by UNDP as well as the information that you need to include in your proposal.

We have included in Section 8 general background information which covers the countries where UNDP is present as well as the history of the number of projects audits that have been commissioned in the past. We believe that this background information will be useful for the preparation of your proposal.

Following the signature of the LTA with the audit firms, UNDP will contact them as and when a need to carry out the audit of a development project arises. This will be done through what we call a secondary selection process. The LTA firms will receive from UNDP a request for proposal identifying the list of projects that need to be audited along with relevant background information about each project. The secondary request for proposals will be similar to the template in Section 9. The audit of the projects, unless specified otherwise, will need to be performed in accordance with the terms of reference provided in Section 2. The proposals to be submitted by the LTA firms will need to be based on the rates that have been agreed to and listed in the LTA. UNDP will then proceed to evaluate the secondary proposals that are received from the LTA firms and select the one that, in UNDP opinion, offers the best value-for-money. This evaluation will not be strictly based on price but will take into account the total fixed prices and the adequacy of the personnel and time/effort that are proposed for performing the audit services

Should you require further clarifications, kindly communicate with the contact person identified in the attached Data Sheet as the focal point for queries on this RFP.

UNDP looks forward to receiving your proposal and thanks you in advance for your interest in UNDP procurement opportunities.

Yours sincerely,

<<insert: signature, name, title of authorized signatory>>



Section 1: Instructions to Proposers

Definitions

- a) *"Long Term Agreement"* (LTA) refers to a written agreement between UNDP and a supplier that is established for specific goods or services at prescribed prices or pricing provisions for a defined period of time. Against this LTA, specific orders (call-offs) can be placed at any time during the defined period and with no legal obligation to order any minimum or maximum quantity. In other organizations, it is also known as Umbrella Agreement, Framework Agreement, Systems Contract, Standing Offer Agreement, or Call-Off Agreement.
- b) *"Contract"* refers to the agreement that will be signed by and between the UNDP and the successful proposer, all the attached documents thereto, including the General Terms and Conditions (GTC) and the Appendices.
- c) *"Country"* refers to the country indicated in the Data Sheet.
- d) *"Data Sheet"* refers to such part of the Instructions to Proposers used to reflect conditions of the tendering process that are specific for the requirements of the RFP.
- e) *"Day"* refers to calendar day.
- f) *"Government"* refers to the Government of the country that will be receiving the services provided/rendered specified under the Contract.
- g) *"Instructions to Proposers"* (Section 1 of the RFP) refers to the complete set of documents that provides Proposers with all information needed and procedures to be followed in the course of preparing their Proposals
- h) *"LOI"* refers to the Letter of Invitation sent by UNDP
- i) *"Material Deviation"* refers to any contents or characteristics of the proposal that is significantly different from an essential aspect or requirement of the RFP, and: (i) substantially alters the scope and quality of the requirements; (ii) limits the rights of UNDP and/or the obligations of the offeror; and (iii) adversely impacts the fairness and principles of the procurement process, such as those that compromise the competitive position of other offerors.
- j) *"Proposal"* refers to the Proposer's response to the Request for Proposal, including the Proposal Cover Letter Submission Form, Technical and Financial Proposal and all other documentation attached thereto as required by the RFP.
- k) *"Proposer"* refers to any legal entity that may submit, or has submitted, a Proposal for the provision of services requested by UNDP through this RFP.
- l) *"RFP"* refers to the Request for Proposals consisting of instructions and references prepared by UNDP for purposes of selecting the best service provider to perform the services described in the Terms of Reference.
- m) *"Services"* refers to the entire scope of tasks and deliverables requested by UNDP under the RFP.
- n) *"Supplemental Information to the RFP"* refers to a written communication issued by UNDP to prospective Proposers containing clarifications, responses to queries received from prospective Proposers, or changes to be made in the RFP, at any time after the release of the RFP but before the deadline for the submission of Proposals.



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- o) *"Terms of Reference"* (TOR) refers to the document included in this RFP as Section 2 which describes the objectives, scope of services, activities, tasks to be performed, respective responsibilities of the proposer, expected results and deliverables and other data pertinent to the performance of the range of duties and services expected of the successful proposer.

A. GENERAL

1. UNDP hereby solicits Proposals in response to this Request for Proposal (RFP). Proposers must strictly adhere to all the requirements of this RFP. No changes, substitutions or other alterations to the rules and provisions stipulated in this RFP may be made or assumed unless it is instructed or approved in writing by UNDP in the form of Supplemental Information to the RFP.
2. Submission of a Proposal shall be deemed as an acknowledgement by the Proposer that all obligations stipulated by this RFP will be met and, unless specified otherwise, the Proposer has read, understood and agreed to all the instructions in this RFP.
3. Any Proposal submitted will be regarded as an offer by the Proposer and does not constitute or imply the acceptance of any Proposal by UNDP. UNDP is under no obligation to award a contract to any Proposer as a result of this RFP.
4. UNDP implements a policy of zero tolerance on proscribed practices, including fraud, corruption, collusion, unethical practices, and obstruction. UNDP is committed to preventing, identifying and addressing all acts of fraud and corrupt practices against UNDP as well as third parties involved in UNDP activities (for full description of policies, see http://www.undp.org/content/dam/undp/documents/about/transparencypdocs/UNDP_Anti-fraud_Policy_English_FINAL.pdf and <http://www.undp.org/content/undp/en/home/operations/procurement/protestandsanctions/>).
5. In responding to this RFP, UNDP requires all Proposers to conduct themselves in a professional, objective and impartial manner, and they must at all times hold UNDP's interests paramount. Proposers must strictly avoid conflicts with other assignments or their own interests, and act without consideration for future work. All Proposers found to have a conflict of interest shall be disqualified. Without limitation on the generality of the above, Proposers, and any of their affiliates, shall be considered to have a conflict of interest with one or more parties in this solicitation process, if they:
 - 5.1 Are or have been associated in the past, with a firm or any of its affiliates which have been engaged UNDP to provide services for the preparation of the design, specifications, Terms of Reference, cost analysis/estimation, and other documents to be used for the procurement of the services in this selection process;
 - 5.2 Were involved in the preparation and/or design of the programme/project related to the services requested under this RFP; or
 - 5.3 Are found to be in conflict for any other reason, as may be established by, or at the discretion of, UNDP.



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In the event of any uncertainty in the interpretation of what is potentially a conflict of interest, proposers must disclose the condition to UNDP and seek UNDP's confirmation on whether or not such conflict exists.

6. Similarly, the Proposers must disclose in their proposal their knowledge of the following:
 - 6.1 That they are owners, part-owners, officers, directors, controlling shareholders, or they have key personnel who are family of UNDP staff involved in the procurement functions and/or the Government of the country or any Implementing Partner receiving services under this RFP; and
 - 6.2 All other circumstances that could potentially lead to actual or perceived conflict of interest, collusion or unfair competition practices.

Failure of such disclosure may result in the rejection of the proposal or proposals affected by the non-disclosure.

7. The eligibility and qualifications of Proposers that are wholly or partly owned by the Government shall be subject to UNDP's further evaluation and review of various factors such as being registered as an independent entity, the extent of Government ownership/share, receipt of subsidies, mandate, access to information in relation to this RFP, and others that may lead to undue advantage against other Proposers, and the eventual rejection of the Proposal.
8. All Proposers must adhere to the UNDP Supplier Code of Conduct, which may be found at this link:
<http://web.ng.undp.org/procurement/undp-supplier-code-of-conduct.pdf>

B. CONTENTS OF PROPOSAL

9. Sections of Proposal

Proposers are required to complete, sign and submit the following documents:

- 9.1 Proposal Submission Cover Letter Form (see Section 3);
- 9.2 Documents Establishing the Overall Qualifications of the Proposer (see Section 4);
- 9.3 Technical Proposal Form (see prescribed form in Section 5);
- 9.4 Financial Proposal Form (see prescribed form in Section 6); and
- 9.5 Any attachments and/or appendices to the Proposal.

a) Clarification of Proposal

- 10.1 Proposers may request clarifications of any of the RFP documents no later than the date indicated in the **Data Sheet** (DS no. 16, Section 1) prior to the proposal submission date. Any request for clarification must be sent in writing via courier or through electronic means to the UNDP address indicated in the **Data Sheet** (DS no. 17, Section 1). UNDP will respond in writing, transmitted by electronic means and will copy the response (including an explanation of the query but without identifying its source) to all Proposers who have provided confirmation of their intention to submit a Proposal.



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- 10.2 UNDP shall endeavor to provide such responses to clarifications in an expeditious manner, but any delay in such response shall not cause an obligation on the part of UNDP to extend the submission date of the Proposals, unless UNDP deems that such an extension is justified and necessary.

11. Amendment of Proposals

- 11.1 At any time prior to the deadline of Proposal submission, UNDP may for any reason, such as in response to a clarification requested by a Proposer, modify the RFP in the form of a Supplemental Information to the RFP. All prospective Proposers will be notified in writing of all changes/amendments and additional instructions through Supplemental Information to the RFP and through the method specified in the **Data Sheet** (DS No. 18, Section 1).
- 11.2 In order to afford prospective Proposers reasonable time to consider the amendments in preparing their Proposals, UNDP may, at its discretion, extend the deadline for submission of Proposals, if the nature of the amendment to the RFP justifies such an extension.

C. PREPARATION OF PROPOSALS

12. Cost

The Proposer shall bear any and all costs related to the preparation and/or submission of the Proposal, regardless of whether its Proposal was selected or not. UNDP shall in no case be responsible or liable for those costs, regardless of the conduct or outcome of the procurement process.

13. Language

The Proposal, as well as any and all related correspondence exchanged by the Proposer and UNDP, shall be written in the language (s) specified in the **Data Sheet** (DS No 4). Any printed literature furnished by the Proposer written in a language other than the language indicated in the **Data Sheet**, must be accompanied by a translation in the preferred language indicated in the **Data Sheet**. For purposes of interpretation of the Proposal, and in the event of discrepancy or inconsistency in meaning, the version translated into the preferred language shall govern. Upon conclusion of a contract, the language of the contract shall govern the relationship between the contractor and UNDP.

14. Proposal Submission Cover Letter Form

The Proposer shall submit the Proposal Submission Cover Letter Form using the form provided in Section 3 of this RFP.

15. Technical Proposal Format and Content

Unless otherwise stated in the **Data Sheet** (DS no. 28), the Proposer shall structure the Technical Proposal as follows:



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- 15.1 Expertise of Firm – this section should provide details regarding management structure of the organization, organizational capability/resources, and experience of firm, the list of projects/contracts (both completed and on-going, both domestic and international) which are related or similar in nature to the requirements of the RFP, and proof of financial stability and adequacy of resources to complete the services required by the RFP (see RFP clause 18 and DS No. 26, Section 1 for further details). The same shall apply to any other entity participating in the RFP as a Joint Venture or Consortium.
- 15.2 Proposed Methodology, Approach and Implementation Plan – this section should demonstrate the Proposer's response to the Terms of Reference by identifying the specific components proposed, how the requirements shall be addressed, as specified, point by point; providing a detailed description of the essential performance characteristics proposed; identifying the works/portions of the work that will be subcontracted; and demonstrating how the proposed methodology meets or exceeds the specifications, while ensuring appropriateness of the approach to the local conditions and the rest of the project operating environment. This methodology must be laid out in an implementation timetable that is within the duration of the contract as specified in the **Data Sheet** (DS nos. 29 and 30, Section 1).
- 15.3 Service Arrangements and Key Personnel – This section should include the curriculum vitae (CVs) of key personnel that will be assigned to support the implementation of the proposed methodology, clearly defining the roles and responsibilities vis-à-vis the proposed methodology. CVs should establish competence and demonstrate qualifications in areas relevant to the TOR.

In complying with this section, the Proposer assures and confirms to UNDP that the personnel being nominated are available for the Contract on the dates proposed. If any of the key personnel later becomes unavailable, except for unavoidable reasons such as death or medical incapacity, among other possibilities, UNDP reserves the right to consider the proposal non-responsive. Any deliberate substitution arising from unavoidable reasons, including delay in the implementation of the project of programme through no fault of the Proposer shall be made only with UNDP's acceptance of the justification for substitution, and UNDP's approval of the qualification of the replacement who shall be either of equal or superior credentials as the one being replaced.

- 15.4 Where the **Data Sheet** requires the submission of the Proposal Security, the Proposal Security shall be included along with the Technical Proposal. The Proposal Security may be forfeited by UNDP, and reject the Proposal, in the event of any or any combination of the following conditions:
- a) If the Proposer withdraws its offer during the period of the Proposal Validity specified in the **Data Sheet** (DS no. 11, Section 1), or;
 - b) If the Proposal Security amount is found to be less than what is required by UNDP as indicated in the **Data Sheet** (DS no. 9, Section 1), or;
 - c) In the case the successful Proposer fails:
 - i. to sign the LTA after UNDP has awarded it;
 - ii. to comply with UNDP's variation of requirement, as per RFP clause 35; or
 - iii. to furnish Performance Security, insurances, or other documents that UNDP may require as a condition to rendering the entry into force of the contract that may be awarded to the Proposer.



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16. Financial Proposals

The Financial Proposal shall be prepared using the attached standard form (Section 6). It shall provide information on daily rate for each category of audit team members.

17. Currencies

All prices shall be quoted in the currency indicated in the **Data Sheet** (DS no. 15, Section 1).

18. Documents Establishing the Overall Qualifications of the Proposer

The Proposer shall furnish documentary evidence of its status as an eligible and qualified vendor, using the forms provided under Section 4, Documents Establishing the Overall Qualification of the Proposer. In order to award a contract to a Proposer, its qualifications must be documented to UNDP's satisfaction. These include, but are not limited to, the following:

- a) That the Proposer has the financial, technical, and production capability necessary to perform the Contract; and
- b) That, to the best of the Proposer's knowledge, it is not included in the UN 1267/1989 List or the UN Ineligibility List, nor in any and all of UNDP's list of suspended and removed vendors.

Proposals submitted by two (2) or more Proposers shall all be rejected if they are found to have any of the following:

- a) they have at least one controlling partner, director or shareholder in common; or
- b) any one of them receive or have received any direct or indirect subsidy from the other/s; or
- c) they have the same legal representative for purposes of this RFP; or
- d) they have a relationship with each other, directly or through common third parties, that puts them in a position to have access to information about, or influence on the Proposal of, another Proposer regarding this RFP process;
- e) they are subcontractors to each other's Proposal, or a subcontractor to one Proposal also submits another Proposal under its name as lead Proposer; or
- f) an expert proposed to be in the team of one Proposer participates in more than one Proposal received for this RFP process. This condition does not apply to subcontractors being included in more than one Proposal.

19. Joint Venture, Consortium or Association

If the Proposer is a group of legal entities that will form or have formed a joint venture, consortium or association at the time of the submission of the Proposal, they shall confirm in their Proposal that : (i) they have designated one party to act as a lead entity, duly vested with authority to legally bind the members of the joint venture jointly and severally, and this shall be duly evidenced by a duly notarized Agreement among the legal entities, which shall be submitted along with the Proposal; and (ii) if they are awarded the contract, the contract shall be entered into, by and between UNDP and the designated lead entity, who shall be acting for and on behalf of all the member entities comprising the joint venture.

After the Proposal has been submitted to UNDP, the lead entity identified to represent the joint venture shall not be altered without the prior written consent of UNDP. Furthermore, neither the lead entity nor the member entities of the joint venture can:



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- a) Submit another proposal, either in its own capacity; nor
- b) As a lead entity or a member entity for another joint venture submitting another Proposal.

The description of the organization of the joint venture/consortium/association must clearly define the expected role of each of the entity in the joint venture in delivering the requirements of the RFP, both in the Proposal and the Joint Venture Agreement. All entities that comprise the joint venture shall be subject to the eligibility and qualification assessment by UNDP.

Where a joint venture is presenting its track record and experience in a similar undertaking as those required in the RFP, it should present such information in the following manner:

- a) Those that were undertaken together by the joint venture; and
- b) Those that were undertaken by the individual entities of the joint venture expected to be involved in the performance of the services defined in the RFP.

Previous contracts completed by individual experts working privately but who are permanently or were temporarily associated with any of the member firms cannot be claimed as the experience of the joint venture or those of its members, but should only be claimed by the individual experts themselves in their presentation of their individual credentials.

If a joint venture's Proposal is determined by UNDP as the most responsive Proposal that offers the best value for money, UNDP shall award the contract to the joint venture, in the name of its designated lead entity. The lead entity shall sign the contract for and on behalf of all other member entities.

20. Alternative Proposals

Unless otherwise specified in the **Data Sheet** (DS nos. 5 and 6, Section 1), alternative proposals shall not be considered. Where the conditions for its acceptance are met, or justifications are clearly established, UNDP reserves the right to award a contract based on an alternative proposal.

21. Validity Period

Proposals shall remain valid for the period specified in the **Data Sheet** (DS no. 8, Section 1), commencing on the submission deadline date also indicated in the **Data Sheet** (DS no. 21, Section 1). A Proposal valid for a shorter period shall be immediately rejected by UNDP and rendered non-responsive.

In exceptional circumstances, prior to the expiration of the proposal validity period, UNDP may request Proposers to extend the period of validity of their Proposals. The request and the responses shall be made in writing, and shall be considered integral to the Proposal.



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22. Proposers' Conference

When appropriate, a pre-proposal conference will be conducted at the date, time and location specified in the **Data Sheet** (DS no. 7, Section 1). All Proposers are encouraged to attend. Non-attendance, however, shall not result in disqualification of an interested Proposer. Minutes of the proposer's conference will be either posted on the UNDP website, or disseminated to the individual firms who have registered or expressed interest with the contract, whether or not they attended the conference. No verbal statement made during the conference shall modify the terms and conditions of the RFP unless such statement is specifically written in the Minutes of the Conference, or issued/posted as an amendment in the form of a Supplemental Information to the RFP.

D. SUBMISSION AND OPENING OF PROPOSALS

23. Submission

- 23.1 The Financial Proposal and the Technical Proposal Envelopes MUST BE COMPLETELY SEPARATE and each of them must be submitted sealed individually and clearly marked on the outside as either "TECHNICAL PROPOSAL" or "FINANCIAL PROPOSAL", as appropriate. Each envelope MUST clearly indicate the name of the Proposer. The outer envelopes shall bear the address of UNDP as specified in the **Data Sheet** (DS no. 20, Section 1) and shall include the Proposer's name and address, as well as a warning that state "*not to be opened before the time and date for proposal opening*" as specified in the **Data Sheet** (DS no. 24, Section 1). The Proposer shall assume the responsibility for the misplacement or premature opening of Proposals due to improper sealing and labeling by the Proposer.
- 23.2 Proposers must submit their Proposals in the manner specified in the **Data Sheet** (DS nos. 22 and 23, Section 1). When the Proposals are expected to be in transit for more than 24 hours, the Proposer must ensure that sufficient lead time has been provided in order to comply with UNDP's deadline for submission. UNDP shall indicate for its record that the official date and time of receiving the Proposal is the actual date and time when the said Proposal has physically arrived at the UNDP premises indicated in the **Data Sheet** (DS no. 20, Section 1).
- 23.3 Proposers submitting Proposals by mail or by hand shall enclose the original and each copy of the Proposal, in separate sealed envelopes, duly marking each of the envelopes as "Original Proposal" and "Copy of Proposal" as appropriate. The 2 envelopes shall then be sealed in an outer envelope. The number of copies required shall be as specified in the **Data Sheet** (DS No. 19). In the event of any discrepancy between the contents of the "Original Proposal" and the "Copy of Proposal", the contents of the original shall govern. The original version of the Proposal shall be signed or initialed by the Proposer or person(s) duly authorized to commit the Proposer on every page. The authorization shall be communicated through a document evidencing such authorization issued by the highest official of the firm, or a Power of Attorney, accompanying the Proposal.
- 23.4 Proposers must be aware that the mere act of submission of a Proposal, in and of itself, implies that the Proposer accepts the General Contract Terms and Conditions of UNDP as attached hereto as Section 11.

24. Deadline for Submission of Proposals and Late Proposals

25. Proposals must be received by UNDP at the address and no later than the date and time specified in the **Data Sheet** (DS nos. 20 and 21).



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UNDP shall not consider any Proposal that arrives after the deadline for submission of Proposals. Any Proposal received by UNDP after the deadline for submission of Proposals shall be declared late, rejected, and returned unopened to the Proposer.

26. Withdrawal, Substitution, and Modification of Proposals

- 25.1 Proposers are expected to have sole responsibility for taking steps to carefully examine in detail the full consistency of its Proposals to the requirements of the RFP, keeping in mind that material deficiencies in providing information requested by UNDP, or lack clarity in the description of services to be provided, may result in the rejection of the Proposal. The Proposer shall assume the responsibility regarding erroneous interpretations or conclusions made by the Proposer in the course of understanding the RFP out of the set of information furnished by UNDP.
- 25.2 A Proposer may withdraw, substitute or modify its Proposal after it has been submitted by sending a written notice in accordance with Clause 23.1, duly signed by an authorized representative, and shall include a copy of the authorization (or a Power of Attorney). The corresponding substitution or modification of the Proposal must accompany the respective written notice. All notices must be received by UNDP prior to the deadline for submission and submitted in accordance with RFP Clause 23.1 (except that withdrawal notices do not require copies). The respective envelopes shall be clearly marked "WITHDRAWAL," "SUBSTITUTION," or "MODIFICATION".
- 25.3 Proposals requested to be withdrawn shall be returned unopened to the Proposers.
- 25.4 No Proposal may be withdrawn, substituted, or modified in the interval between the deadline for submission of Proposals and the expiration of the period of proposal validity specified by the Proposer on the Proposal Cover Letter Submission Form or any extension thereof.

27. Proposal Opening

UNDP will open the Proposals in the presence of an ad-hoc committee formed by UNDP of at least two (2) members. If electronic submission is permitted, any specific electronic proposal opening procedures shall be as specified in the **Data Sheet** (DS no. 23).

The Proposers' names, modifications, withdrawals, the condition of the envelope labels/seals, the number of folders/files and all other such other details as UNDP may consider appropriate, will be announced at the opening. No Proposal shall be rejected at the opening stage, except for late submission, for which the Proposal shall be returned unopened to the Proposer.

28. Confidentiality

Information relating to the examination, evaluation, and comparison of Proposals, and the recommendation of contract award, shall not be disclosed to Proposers or any other persons not officially concerned with such process, even after publication of the contract award.

Any effort by a Proposer to influence UNDP in the examination, evaluation and comparison of the Proposals or contract award decisions may, at UNDP's decision, result in the rejection of its Proposal.



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In the event that a Proposer is unsuccessful, the Proposer may seek a meeting with UNDP for a debriefing. The purpose of the debriefing is discussing the strengths and weaknesses of the Proposer's submission, in order to assist the Proposer in improving the proposals presented to UNDP. The content of other proposals and how they compare to the Proposer's submission shall not be discussed.

E. EVALUATION OF PROPOSALS

29. Preliminary Examination of Proposals

UNDP shall examine the Proposals to determine whether they are complete with respect to minimum documentary requirements (see Section 4), 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. UNDP may reject any Proposal at this stage.

30. Evaluation of Proposals

- 29.1 UNDP shall examine the Proposal to confirm that all terms and conditions under the UNDP General Terms and Conditions and Special Conditions have been accepted by the Proposer without any deviation or reservation.
- 29.2 The evaluation team shall review and evaluate the Technical Proposals on the basis of their responsiveness to the Terms of Reference and other documentation provided, applying the evaluation criteria, sub-criteria, and point system specified in the **Data Sheet** (DS no. 32). Each responsive Proposal will be given a technical score. A Proposal shall be rendered non-responsive at this stage if it does not substantially respond to the RFP particularly the demands of the Terms of Reference, which also means that it fails to achieve the minimum technical score indicated in the **Data Sheet** (DS no. 25). Absolutely no changes may be made by UNDP in the criteria, sub-criteria and point system indicated in the **Data Sheet** (DS no. 32) after all Proposals have been received.
- 29.3 In the second stage, only the Financial Proposals of those Proposers who achieve the minimum technical score will be opened for evaluation for comparison and review. The overall evaluation score will be based either on a combination of the technical score and the financial offer, or the lowest evaluated financial proposal of the technically qualified Proposers. The evaluation method that applies for this RFP shall be as indicated in the **Data Sheet** (DS No. 25).

When the Data Sheet specifies a combined scoring method, the formula for the rating of the Proposals will be as follows:



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Rating the Technical Proposal (TP):

$$\text{TP Rating} = (\text{Total Score Obtained by the Offer} / \text{Max. Obtainable Score for TP}) \times 100$$

Rating the Financial Proposal (FP):

$$\text{FP Rating} = (\text{Lowest Weighted Average Daily Rate Offered Among all the Proposals} / \text{Weighted Average Daily Rate of the Offer Being Reviewed}) \times 100$$

Total Combined Score:

$$\begin{array}{r} (\text{TP Rating}) \times (\text{Weight of TP, e.g. 70\%}) \\ + (\text{FP Rating}) \times (\text{Weight of FP, e.g., 30\%}) \\ \hline \text{Total Combined and Final Rating of the Proposal} \end{array}$$

29.4 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 **Data Sheet** (DS No. 33), 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 Government entities with jurisdiction on the Proposer, or any other entity that may have done business with the Proposer;
- d) Inquiry and reference checking with other previous clients on the quality of performance for ongoing or previous contracts completed;
- e) Physical inspection of the Proposer's offices, branches or other places where business transpires, with or without notice to the Proposer;
- f) Quality assessment of ongoing and completed outputs, works and activities similar to the requirements of UNDP, where available; and
- g) Other means that UNDP may deem appropriate, at any stage within the selection process, prior to awarding the contract.



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31. Clarification of Proposals

To assist in the examination, evaluation and comparison of Proposals, UNDP may, at its discretion, ask any Proposer for a clarification of its Proposal. UNDP's request for clarification and the response shall be in writing. Notwithstanding the written communication, no change in the prices or substance of the Proposal shall be sought, offered, or permitted, except to provide clarification, and confirm the correction of any arithmetic errors discovered by UNDP in the evaluation of the Proposals, in accordance with RFP Clause 32.

Any unsolicited clarification submitted by a Proposer in respect to its Proposal, which is not a response to a request by UNDP, shall not be considered during the review and evaluation of the Proposals.

32. Responsiveness of Proposal

UNDP's determination of a Proposal's responsiveness will be based on the contents of the Proposal itself. A substantially responsive Proposal is one that conforms to all the terms, conditions, TOR and other requirements of the RFP without material deviation, reservation, or omission.

If a Proposal is not substantially responsive, it shall be rejected by UNDP and may not subsequently be made responsive by the Proposer by correction of the material deviation, reservation, or omission.

33. Nonconformities, Repairable Errors and Omissions

Provided that a Proposal is substantially responsive, UNDP may waive any non-conformities or omissions in the Proposal that, in the opinion of UNDP, do not constitute a material deviation.

Provided that a Proposal is substantially responsive, UNDP may request the Proposer to submit the necessary information or documentation, within a reasonable period of time, to rectify nonmaterial nonconformities or omissions in the Proposal related to documentation requirements. Such omission shall not be related to any aspect of the price of the Proposal. Failure of the Proposer to comply with the request may result in the rejection of its Proposal.

Provided that the Proposal is substantially responsive, UNDP shall correct arithmetical errors as follows:

- a) if there is a discrepancy between the unit price and the line item total that is obtained by multiplying the unit price by the quantity, the unit price shall prevail and the line item total shall be corrected, unless in the opinion of UNDP there is an obvious misplacement of the decimal point in the unit price, in which case the line item total as quoted shall govern and the unit price shall be corrected;
- b) if there is an error in a total corresponding to the addition or subtraction of subtotals, the subtotals shall prevail and the total shall be corrected; and
- c) if there is a discrepancy between words and figures, the amount in words shall prevail, unless the amount expressed in words is related to an arithmetic error, in which case the amount in figures shall prevail subject to the above.



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If the Proposer does not accept the correction of errors made by UNDP, its Proposal shall be rejected.

F. AWARD OF LONG TERM AGREEMENT

34. Right to Accept, Reject, or Render Non-Responsive Any or All Proposals

UNDP reserves the right to accept or reject any Proposal, to render any or all of the Proposals as non-responsive, and to reject all Proposals at any time prior to awarding the long-term agreement of contract, without incurring any liability, or obligation to inform the affected Proposer(s) of the grounds for UNDP's action. Furthermore, UNDP shall not be obliged to award the contract to the lowest price offer.

UNDP shall also verify, and immediately reject their respective Proposal, if the Proposers are found to appear in the UN's Consolidated List of Individuals and Entities with Association to Terrorist Organizations, in the List of Vendors Suspended or Removed from the UN Secretariat Procurement Division Vendor Roster, the UN Ineligibility List, and other such lists that as may be established or recognized by UNDP policy on Vendor Sanctions. (See <http://www.undp.org/content/undp/en/home/operations/procurement/protestandsanctions/> for details)

35. Award Criteria

UNDP shall award the Long-Term Agreement to the qualified Proposers with the highest total score based on the evaluation method indicated in the **Data Sheet** (DS nos. 25 and 32).

36. Right to Vary Requirements at the Time of Award

Not applicable.

37. Contract Signature

Within fifteen (15) days from the date of receipt of the Long-Term Agreement, the successful Proposer shall sign and date the Long-Term Agreement and return it to UNDP.

Failure of the successful Proposer to comply with the requirement of RFP Clause 35 and this provision shall constitute sufficient grounds for the annulment of the award, and forfeiture of the Proposal Security if any, and on which event, UNDP may award the Long-Term Agreement to the Proposer with the -following highest rated Proposal, or call for new Proposals.

38. Performance Security

A performance security, if required, shall be provided in the amount and form provided in Section 9 and by the deadline indicated in the **Data Sheet** (DS no. 14), as applicable. Where a Performance Security will be required, the submission of the said document, and the confirmation of its acceptance by UNDP, shall be a condition for the entry into force of the Contract that will be signed by and between the successful Proposer and UNDP.



*Empowered lives.
Resilient nations.*

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39. Bank Guarantee for Advanced Payment

Not applicable.

40. Vendor Protest

UNDP's vendor protest procedure provides an opportunity for appeal to those persons or firms not awarded a purchase order or contract through a competitive procurement process. In the event that a Proposer believes that it was not treated fairly, the following link provides further details regarding UNDP vendor protest procedures: <http://www.undp.org/content/undp/en/home/operations/procurement/protestandsanctions/>



Section 1: Instructions to Proposers

DATA SHEET

The following data for the services to be procured shall complement, supplement, or amend the provisions in the Instruction to Proposers. In the case of a conflict between the Instructions to Proposers, the Data Sheet, and other annexes or references attached to the Data Sheet, the provisions in the Data Sheet shall govern.

DS No. ¹	Cross Ref. to Instructions	Data	Specific Instructions / Requirements
1		Project Title :	-
2		Title of Services/Work:	Long-Term Agreement to Provide Services for the Audit of Development Projects
3		Country / Region of Work Location:	Worldwide
4	C.13	Language of the Proposal:	<input checked="" type="checkbox"/> English
5	C.20	Conditions for Submitting Proposals for Parts or sub-parts of the TOR	A partial proposal that would cover only part of the countries where UNDP is present (refer to Section 8) would be acceptable provided that, the proposed partial coverage matches all the countries covered by at least one of the Regional Audit Centres of OAI (See section 8)
6	C.20	Conditions for Submitting Alternative Proposals	<input checked="" type="checkbox"/> Shall not be considered

¹ All DS number entries in the Data Sheet are cited as reference in the Instructions to Proposers. All DS nos. corresponding to a Data must not be modified. Only information on the 3rd column may be modified by the user. If the information does not apply, the 3rd column must state "N/A" but must not be deleted.



Section 1: Instructions to Proposers

7	C.22	A pre-proposal conference will be held on: Not applicable	<input checked="" type="checkbox"/> Not Applicable
8	C.21	Period of Proposal Validity commencing on the submission date	<input checked="" type="checkbox"/> 90 days
9	B.9.5 C.15.4 b)	Proposal Security	<input checked="" type="checkbox"/> Not Required
10	B.9.5	Acceptable forms of Proposal Security ²	<input checked="" type="checkbox"/> Not Applicable
11	B.9.5 C.15.4 a)	Validity of Proposal Security	<input checked="" type="checkbox"/> Not Applicable
12		Advanced Payment upon signing of contract	<input checked="" type="checkbox"/> Not Applicable
13		Liquidated Damages	<input checked="" type="checkbox"/> Will not be imposed
14	F.37	Performance Security	<input checked="" type="checkbox"/> Not Required
15	C.17, C.17 b)	Preferred Currency of Proposal and Method for Currency conversion	<input checked="" type="checkbox"/> United States Dollars (US\$)
16	B.10.1	Deadline for submitting requests for clarifications/ questions	No later than 5 business days before the submission date.

² Surety bonds or other instruments issued by non-bank Financial Institutions are least preferred by UNDP. Unless stated otherwise, they shall be considered unacceptable to UNDP.



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17	B.10.1	Contact Details for submitting clarifications/questions ³	E-mail address dedicated for this purpose: oai.bids@undp.org
18	B.11.1	Manner of Disseminating Supplemental Information to the RFP and responses/clarifications to queries	<input checked="" type="checkbox"/> Direct communication to prospective Proposers by email
19	D.23.3	No. of copies of Proposal that must be submitted [if transmitted by courier]	Original: 1 Copies: 2 The sealed envelope containing the Technical Proposal should also include an electronic version of this document stored on either a CD-ROM or a USB drive.
20	D.23.1 D.23.2 D.24	Proposal Submission Address	UNDP One United Nations Plaza DC1 Room #427-A New York, NY10017
21	C.21 D.24	Deadline of Submission	Date and Time : February 23, 2015 4:00 PM
22	D.23.2	Allowable Manner of Submitting Proposals	<input checked="" type="checkbox"/> Courier/Hand Delivery-
23	D.23.2 D.26	Conditions and Procedures for electronic submission and opening, if allowed	<input checked="" type="checkbox"/> Not Applicable

³ This contact 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 officially received.



Section 1: Instructions to Proposers

24	D.23.1	Date, time and venue for opening of Proposals	Date and Time: March 16, 2015 4:00 PM Venue : UNDP, One UN Plaza, DC1 Room #472, New York, NY1007
25	E.29.2 E.29.3 F.34	Evaluation method to be used in selecting the most responsive Proposal	<input checked="" type="checkbox"/> Combined Scoring Method, using the 70%-30% distribution for technical and financial proposals, respectively, where the minimum passing score of technical proposal is 70%
26	C.15.1	Required Documents that must be Submitted to Establish Qualification of Proposers (In "Certified True Copy" form only)	<input checked="" type="checkbox"/> Company Profile, which should <u>not</u> exceed fifteen (15) pages, including printed brochures and product catalogues relevant to the services being procured <input checked="" type="checkbox"/> Certificate of Registration of the business, including Articles of Incorporation, or equivalent document if Bidder is not a corporation <input checked="" type="checkbox"/> Latest audited financial statements (Income statement and balance sheet) including Auditor's report <input checked="" type="checkbox"/> All information regarding any past and current litigation during the last five (5) years, in which the bidder is involved, indicating the parties concerned, the subject of the litigation, the amounts involved, and the final resolution if already concluded. Refer also to Section 4
27		Other documents that may be Submitted to Establish Eligibility	Provide at least three client references for similar projects (scope, value, etc.) where the audit firm was the main/lead contractor.
28	C.15	Structure of the Technical Proposal (<i>only if different from the provision of Section 5</i>)	<input checked="" type="checkbox"/> Not Applicable
29	C.15.2	Expected date for commencement of audit fieldwork	<input checked="" type="checkbox"/> Not Applicable
30	C.15.2	Expected duration of Long-Term Agreement	<input checked="" type="checkbox"/> Three years subject to satisfactory performance



Section 1: Instructions to Proposers

31		UNDP will award the contract to:	<p>UNDP will sign a Long-Term Agreement with one qualified audit firm or more that obtains a high cumulative score for both financial and technical proposals.</p> <p>If deemed pertinent, UNDP may sign Long-Term Agreements with more than one audit firm and the agreements could be distributed regionally.</p> <p>The decision to sign with more than that one audit firm will be mainly driven by ensuring a suitable geographical coverage and the comparativeness of the proposal (technical and financial) received. For example, a significant difference between two proposal would unlikely result in signing a Long-Term-Agreement with the two audit firms who submitted them</p>
32	E.29.2 F.34	Criteria for the Award of Contract and Evaluation of Proposals	(See Tables below)
33	E.29.4	Post-Qualification Actions	<p><input checked="" type="checkbox"/> Verification of accuracy, correctness and authenticity of the information provided by the bidder on the legal, technical and financial documents submitted;</p> <p><input checked="" type="checkbox"/> Validation of extent of compliance to the RFP requirements and evaluation criteria based on what has so far been found by the evaluation team</p> <p><input checked="" type="checkbox"/> Inquiry and reference checking with other previous clients on the quality of performance on ongoing or previous contracts completed</p>
34		Conditions for Determining Contract Entry into Force	<input checked="" type="checkbox"/> Not Applicable
35		Other Information Related to the RFP	<p>The Long-Term Agreement (LTA) represents an engagement by the audit firm to provide, upon request by UNDP, audit services against fixed rates for the duration of the Agreement and under the Terms and Conditions detailed therein. It shall not oblige UNDP to any financial commitment whatsoever. UNDP reserves the right to discontinue any Long-Term Agreement if the Contractor's performance is not satisfactory to UNDP. As and when audit services are needed, UNDP shall provide the LTA contractor with a list of development projects that need to be audited along with relevant background information. UNDP shall request the LTA contractor to submit a financial proposal (a price offer) for the audit of the projects that are specified in this list. The contractor is then required to apply the daily rates agreed to in the LTA and present its price offer. UNDP's will</p>



			select the most suitable offer based on the principle of best value-for-money (total fixed prices and adequacy of the personnel and time/effort that are proposed for performing the audit services.
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Section 1: Instructions to Proposers

Criteria for the Technical Evaluation of the Proposals

Overall Summary of Technical Proposal Evaluation Forms		Score Weight	Points Obtainable
1.	Expertise of Audit Firm	30%	300
2.	Proposed Methodology, Approach and Implementation Plan	35%	350
3.	Management Structure and Key Personnel	35%	350
Total			1,000

Technical Proposal Evaluation Form 1		Points obtainable
Expertise of the Firm/Organization		
	General organizational structure of the audit firm, its recruitment practices, its training policies, size of its audit professionals, its overall quality assurance procedures, its financial capacity, etc.	80
	Regional presence – Coverage of all countries in the regions where UNDP is present	80
	Extent to which any work would be performed by firms that are full members of the audit firm's international network or subcontracted to audit firms that are not full members of this international network. Subcontracting carries additional risks which may affect project implementation. The higher the reliance on subcontractors to lower the points.	60
	International experience working with multinational or foreign companies (no or very limited experience = no points)	30
	Experience in providing similar services to international development institutions	30
	Audit firm history (15 years or more)	20
Total Part 1		300



Section 1: Instructions to Proposers

Technical Proposal Evaluation Form 2		Points Obtainable
Proposed Methodology, Approach and Implementation Plan		
	To what extent does the Proposer understand the requirement of the LTA and its associated stages?	50
	To what extent the audit approach described by the Proposer for carrying out the projects audits that will be required by UNDP is responsive and pertinent?	90
	Does the quality assurance review mechanisms adequately address all components relating to LTA and specific audit assignment?	90
	The average time needed for issuance of the final audit report after the end of field work does not exceed 20 working days (or 4 weeks)	50
	Is the proposal presentation clear and sequence of activities is logical	30
	Does the proposal have one audit partner to sign all audit reports?	20
	The Proposer confirms that the audit work will be carried out in full compliance with the International Standards on Auditing (ISA)	20
	Total Part 2	350

Technical Proposal Evaluation Form 3			Points Obtainable
Service Arrangements and Key Personnel			
	Description of the arrangements that the audit firm will have in place to supervise, manage and deliver the services covered by the Long-Term-Agreement		40
	Lead Partner		Sub-Score
	General Qualification and Suitability for the Project		70
	- Extent of professional experience (number of years, international experience, etc.)	30	
	- Relevance of professional experience to the purpose of the audit	30	
	- Knowledge of the region	10	



Section 1: Instructions to Proposers

3.2.2	Lead Audit Manager(s)		Sub-Score	120
	General Qualification and Suitability for the Project		100	
	- Extent of professional experience (number of years, international experience, etc.)	40		
	- Relevance of competencies and professional experience to the purpose of the audit	40		
	- Knowledge of the region	20		
	Language Qualifications		20	
3.2.2	Lead Audit Seniors(s)		Sub-Score	120
	General Qualification and Suitability for the Project		100	
	- Extent of professional experience (number of years, international experience, etc.)	40		
	- Relevance of competencies and professional experience to the purpose of the audit	40		
	- Knowledge of the region	20		
	Language Qualifications		20	
	Total Part 3			350



Section 2: Terms of Reference

Option A: Terms of Reference for audit firms engaged to conduct a financial audit of UNDP development project(s)

GENERAL INTRODUCTION

In carrying out its development mission, the United Nations Development Programme (UNDP) provides a range of support services to the implementation of development projects. In specific circumstances such as special development situations, UNDP may take on the role of implementing partner. Projects that are implemented directly by UNDP are known as Directly Implemented (DIM) projects. As the implementing partner of a DIM project, UNDP has overall management responsibility and accountability for project implementation. UNDP is therefore, entrusted with and fully responsible and accountable for successfully managing and delivering a project's outputs. As the designated implementing partner of a DIM project, UNDP may either implement all the activities of the project, or alternatively, have some parts of the activities implemented by a "responsible party"⁴ such as another UN agency, an NGO or a national institution.

DIM project audits are carried out to provide assurance to UNDP senior management and donors, that resources are being used effectively and efficiently for the purposes intended and in accordance with UNDP policies and procedures.

The audit of DIM projects is under the mandate of the Office of Audit and Investigations (OAI) that either directly conducts or contracts out the audit of DIM projects.

1. AUDIT OBJECTIVE

The objective of the financial audit is to express an opinion on a project's financial statements⁵ which include:

- 1.1 Expressing an opinion on whether the financial expenses incurred by the project over a specified period and the funds utilization as at the end of a specified period are fairly presented in accordance with UNDP accounting policies and that the expenses incurred were: (i) in conformity with the approved project budgets; (ii) for the approved purposes of the project; (iii) in compliance with the relevant regulations and rules, policies and procedures of UNDP; and (iv) supported by properly approved vouchers and other supporting documents. The Combined Delivery Report (CDR) and the accompanying Funds Utilization⁶ statement are the mandatory and official statements upon which the audit opinion should be expressed. Other forms of statement of expenses that may be prepared by a project office are not accepted.

⁴ A responsible party is an entity that has been selected to act on behalf of UNDP when is the latter directly implements a project. The role of a responsible party on a project that is directly implemented by UNDP would be somewhat similar to that of a "sub-contractor".

⁵ Financial statements of a UNDP project include: the statement of expenses with related annexes as well as, where applicable, the statement of assets and the statement of cash position.

⁶ The Funds Utilization statement includes the balance, as at a given date, of five items: (a) outstanding advances received by the project; (b) depreciated fixed assets used at the project level; (c) Inventory held at the project level; (d) Prepayments made by the project; and (c) Outstanding commitments held by at the project level.



Section 2: Terms of Reference

Option A: Terms of Reference for audit firms engaged to conduct a financial audit of UNDP development project(s)

- 1.2 Expressing an opinion on whether the statement of fixed assets presents fairly the balance of assets of the UNDP project as at a given date. This statement must include all assets available as at <<insert end date of the period to be covered by the audit>> and not only those purchased in a given period. Where a DIM project does not have any assets or equipment, it will not be necessary to express such an opinion.
- 1.3 Expressing an opinion on whether the statement of cash held by the project presents fairly the cash and bank balance of UNDP project as at a given date. Disbursements made against a DIM project are usually financed from the regular country office bank accounts. Exceptionally, a dedicated bank account may be opened and used solely for the cash transactions of a DIM project, e.g. if the project is in a remote location. The audit firm is required to express an opinion on the Statement of Cash only where a dedicated bank account for the DIM project has been established. In cases where the cash transactions of the audited DIM project are made through the country office bank accounts, this type of opinion is not required.

The Financial Audit will be conducted in accordance with the International Standards of Auditing (ISA), the 700 series.

2. SCOPE OF AUDIT

The scope of the audit relates only to transactions concluded and recorded against the UNDP DIM project over a given period. The scope of the audit does not include:

- Activities and expenses incurred or undertaken at the level of “responsible parties”, unless the inclusion of these expenses is specifically required in the request for proposal; and
- Expenses processed and approved in locations outside the country such as UNDP Regional Centres and UNDP Headquarters and where the supporting documentation is not retained at the level of the UNDP country office.

2.1 The audit shall:

- cover all activities of the project(s) <<insert Atlas title(s) and Atlas number(s) of project - use a table if necessary>> during the period from XXX to XXX <<insert period to be covered by the audit>>; and
- include a review of project reports and records located at the UNDP country office in <<insert location(s) where the records are located and where the audit fieldwork will mostly take place>>, and, as applicable, field offices of the project/programme at <<insert name of location(s)>> and other field locations.

2.2 Specifically, the audit shall cover the following:

- (a) The expenses incurred and recorded in the Combined Delivery Reports (CDR) of the project(s) <<insert Atlas number(s) of project>> during the period from XXX to XXX <<insert period to be covered by the audit>> and the Funds Utilization statement as at <<insert end date of the period to be covered by the audit>>, as reported by the Office in <<insert location>>;



Section 2: Terms of Reference

Option A: Terms of Reference for audit firms engaged to conduct a financial audit of UNDP development project(s)

- (b) The value and existence of the fixed assets held by the project(s) <<insert Atlas project number(s)>> as at <<insert end date of the period to be covered by the audit>>; and
- (c) The value and existence of cash held by the project <<insert Atlas project number(s)>> as at <<insert end date of the period to be covered by the audit>>, either as cash at hand or in the bank account (Statement of Cash is required only if there is separate bank account for the DIM project under review).

3. AUDIT PLANNING AND FIELDWORK

- 3.1 The Audit Firm will conduct the audit on behalf of OAI and will be under the general supervision of the Chief of OAI's Regional Audit Centre for XXX <<insert name of region>> (RAC)⁷. Any major changes in the terms of reference shall be cleared with the Audit Chief, who will notify OAI Director/Deputy Director (Audit), as deemed necessary.
- 3.2 The Audit Firm shall be responsible for preparing the audit planning memorandum (in the Audit Firm's format), which must be approved by the Audit Firm's management before its implementation. The Audit Chief may request to review the audit planning memorandum and comment on it before the start of the audit fieldwork.
- 3.3 The timelines for the different milestones and any applicable key deliverables shall be agreed with the Audit Chief
- 3.4 The Audit Firm shall periodically provide the Audit Chief with status update on the fieldwork. The format of reporting and frequency of update will be agreed with the Audit Chief. Regardless of the timing for submission of aforesaid status update, any obstacle encountered during the conduct of the fieldwork shall be reported immediately to and resolved with the Audit Chief. As deemed necessary, the Audit Chief is responsible for escalating this to the Director or Deputy Director (Audit).
- 3.5 In ensuring quality of their work, the Audit Firm shall abide by ISA 220 (Quality Control for an Audit of Financial Statements) and by the International Standards on Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements.
- 3.6 In addition to the general supervision provided by the Audit Chief, OAI reserves the right to review the Audit Firm's audit processes, including audit planning memorandum and supporting audit working papers, as part of the review of the draft audit report. The review may be done on-site or through remote access to the electronic working paper files. Alternatively, the Audit Firm may be required to submit the working paper file or any part thereof to the Audit Chief for desk review.

⁷ Also referred to: Audit Chief



Section 2: Terms of Reference

Option A: Terms of Reference for audit firms engaged to conduct a financial audit of UNDP development project(s)

- 3.7 As part of OAI's quality assurance improvement programme, OAI will seek feedback from concerned units on the quality of the audit fieldwork and audit results rendered by the selected Audit Firm through a post-audit client survey. OAI will also assess the quality of the audit report submitted by the selected Audit Firm.
- 3.8 The audit working papers and related documentation shall be available to UNDP and shall be kept by the Audit Firm for a minimum period of seven years.

4. REPORTING

- 4.1 As a result of the work performed, the Audit Firm is required to prepare a three-part audit report that covers all the areas specified in the objectives and scope mentioned in paragraphs 1 and 2 above. Where an area of audit specified in paragraph 2.2 is either not included in the work undertaken or not covered in the audit report, the reasons for not doing so must be clearly provided in the relevant section.

The three-part audit report to be submitted by the Audit Firm shall consist of three stand-alone documents:

- (i) Part I - An Executive Summary that summarizes the important issues raised in the financial audit reports and the management letter. The Executive Summary should be signed and stamped by the Audit Firm.
- (ii) Part II - Financial audit report(s) for each of the audited project(s) that clearly render an audit opinion and indicate the amount that the Audit Firm is certifying, and sign and stamp each of the statements being certified. All parties signing the statements must sign and clearly print their name, title, and entity:
 - An audit opinion on the Combined Delivery Report(s) (CDR) during the period from XXX to XXX <<insert period to be covered by the audit>> and the accompanying Funds Utilization of the project as at XXX <<insert end date of the period to be covered by the audit>> that is/are listed in Attachment I <<This is the background information on the DIM project(s) that will need to be audited>> and referred to in 1.1;
 - As applicable, an audit opinion on the Statement of Fixed Assets as at <<insert end date of the period to be covered by the audit>>, of the project in accordance with paragraph 1.2.; and
 - As applicable, an audit opinion on the Statement of Cash as at <<insert end date of the period to be covered by the audit>> in accordance with paragraph 1.3 (Statement of Cash is required only if there is separate bank account for each of the DIM project).

The above opinions shall be in accordance with ISA700 and related standards as outlined in Option A/Appendix B and in Option B/Appendix C to the present terms of reference. Any statements other than what is presented in the two appendices would be accepted by UNDP only if the audit firm confirms in writing that the text that it is proposing is in alignment with ISA 700. The financial statements of the DIM project shall be attached to the audit opinions which should include, as applicable, relevant notes to the statements being certified.



Section 2: Terms of Reference

Option A: Terms of Reference for audit firms engaged to conduct a financial audit of UNDP development project(s)

In cases where a qualified, adverse or disclaimer audit opinion is made, the value of the net financial impact, as well as the reasons should be explicitly and clearly stated in the report. The issue(s) that gave rise to a qualified or adverse audit opinion or a disclaimer must be elaborated by the Audit Firm in Part III of the Audit Report (the management letter).

- (iii) Part III – If deemed necessary, a management letter, signed and stamped by the Audit Firm captures the audit issues and recommendations. The presentation of audit issues should be made in accordance with the following structure (while a report template may be shared by OAI with the Audit Firm, the latter may use its own format as long as the following key elements are duly present):

- IssueTitle: A summarized version of the “audit condition” should be stated in a phrase, not a complete sentence.
- Observation: This should present a brief background statement, then describe the criteria (the criteria could be any of the following: regulations, rules, policies, procedures, generally accepted standards, stated programme objectives, office-defined expectations, best practices, or basically what measures the audit team used in making an evaluation and/or verification); the condition (= what is, or the situation that exists); the cause or the reason for the difference between the expected and actual conditions; and lastly describe the consequence or effect or impact/risk should the issue(s) remain unresolved.
- Priority: State the priority of recommendation as High (Critical) or Medium (Important), in accordance with the definition of priority in Appendix A to these terms of reference.
- Recommendation: Spell out the steps or actions that need to be taken to resolve the audit issue. The recommendation should address the root causes behind the current condition. In the case of a Close Out audit, recommendations should address the action to permanently close the issue.
- Managementcomments and action plan: After due analysis, incorporate the written management’s response to the audit findings and recommendations. Any disagreement expressed by the management, should give rise to discussion with a view to resolving and/or clarifying the difference in views.
- Auditor’s response: If management agrees with the recommendation, there is no need for a response. When management, after due discussion, does not agree with the recommendation and the auditor decides to retain the recommendation, a response should be stated here, elaborating on the reason why the recommendation is considered valid and is maintained.

- 4.2 The draft three-part audit shall be prepared and submitted to OAI, RAC for review within a maximum of 20 working days after the completion of the audit fieldwork. The draft report shall be cleared by the Audit Chief prior to sending it to the audited Office for management comments.



Section 2: Terms of Reference

Option A: Terms of Reference for audit firms engaged to conduct a financial audit of UNDP development project(s)

- 4.3 The Audit Firm shall ensure that the comments of the management of the UNDP Office in <<insert location>> on the audit observations and recommendations are obtained in writing prior to their inclusion in the final draft Management Letter.
- 4.4 The final draft audit report shall focus on matters considered significant for the Office and/or UNDP as a whole, as determined by OAI.
- 4.5 The final draft audit report inclusive of management comments shall be submitted (in soft copy, Word format) to the OAI, RAC for review and clearance. The audit report should be addressed to the Director, OAI and not to the UNDP Office in <<insert location>>.
- 4.6 The review of the final draft audit report as submitted to OAI may give rise to comments or review notes from the RAC. The Audit Firm shall expeditiously respond to the RAC and properly address these review notes or comments to be cleared by OAI, RAC.
- 4.7 Any differences in professional judgment between the Audit Firm and OAI shall be resolved between the Audit Chief and the Audit Firm, prior to the issuance of the draft report to the audited Office for comments. This is particularly critical in case of different views on the resulting audit opinion on the financial statements.
- 4.8 The RAC shall give clearance for final payment to the Audit Firm, only once the final draft audit report has been approved and accepted by OAI.
- 4.9 OAI may accept audit reports in any of the three working languages (English, French, and Spanish). However, the Part I - Executive Summary to be prepared by the Audit Firm should be submitted in English.
- 4.10 In accordance with UNDP's disclosure policy, DIM audit reports issued from 1 December 2012 are being posted on the UNDP website. The final report shall not contain information that is deemed to be particularly sensitive because it relates to third parties (such as a vendor) or to a country, government or administration, or as compromising a pending legal action, or as being likely to endanger the safety and security of any individual, violate his/her privacy. Any such statement or conclusion must be adequately validated during the audit fieldwork with the third party concerned and/or the third party must be given the opportunity to comment on those relevant parts of the draft report. Related details and supporting documentation must be in the audit working papers for the record.

5. AUDITORS' PROFESSIONAL QUALIFICATIONS

The Principal of the Audit Firm should have at least 10 years of post-qualification audit experience. The audit shall be led by a duly certified professional auditor, such as Chartered Accountant (CA), Chartered Certified Accountant (CCA) or Certified Public Accountant (CPA).



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Section 2: Terms of Reference

Option A: Terms of Reference for audit firms engaged to conduct a financial audit of UNDP development project(s)

The auditor⁸ must be completely impartial and independent from all aspects of management or financial interests in the entity being audited. The auditor should not, during the period covered by the audit nor during the undertaking of the audit, be employed by, serve as director for, or have any financial or close business relationships with any senior participant in the management of the entity. It may be appropriate to remind an auditor of any existing statutory requirements relating to independence and to require an auditor to disclose any relationship that might possibly compromise his/her independence.

The audit team should be experienced in applying International Standards on Auditing (ISA) and the International Public Sector Accounting Standards (IPSAS). Also, a familiarity with the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors (IIA) would be considered an added advantage. The Audit Firm must employ adequate staff with appropriate professional qualifications and suitable experience with ISA or IPPF, including experience in auditing of entities comparable in size and complexity to the entity being audited.

The Audit Firm shall provide OAI with the key personnel involved in the audit engagement, e.g. managers, supervisors and key personnel proposed as part of the audit team.

⁸ The term 'auditor' is used in this paragraph to mean the audit firm as well as the auditors performing the audit.



Section 2: Terms of Reference

Appendix A

Option A: Terms of Reference for audit firms engaged to conduct a financial audit of UNDP development project(s)

Priorities of Audit Recommendations

The audit observations are categorized according to the priority of the audit recommendations and the possible causes of the issues. The categorized audit observation provides a basis by which the UNDP country office management is to address the issues.

The following categories of priorities are used:

High (Critical)	Action is considered imperative to ensure that UNDP is not exposed to high risks. Failure to take action could result in major consequences and issues.
Medium (Important)	Action is considered necessary to avoid exposure to significant risks. Failure to take action could result in significant consequences.
Low	Action is considered desirable and should result in enhanced control or better value for money. Low priority recommendations, if any, are dealt with by the Auditors directly with the Office management, during the exit meeting and through a separate memo subsequent to the fieldwork. Therefore, low priority recommendations are not included in the audit report.



Section 2: Terms of Reference

Appendix B

Option A: Terms of Reference for audit firms engaged to conduct a financial audit of UNDP development project(s)

Note: Any statements other than what is presented in the samples below would be accepted by UNDP only if the audit firm confirms in writing that the text that it is proposing is in alignment with ISA 700.

Format for Financial Certifications

I. Sample Certification for Statement of Expenses

REPORT OF THE INDEPENDENT AUDITORS TO UNDP [insert project name] (Refer to ISA 700)

We have audited the accompanying Combined Delivery Report (CDR) and Funds Utilization statement ("the statement") of the UNDP project [insert Atlas project number], [insert official title of project] for the period [insert period covered].

Management is responsible for the preparation of the statement for <name/title> project and for such internal control as management determines is necessary to enable the preparation of a statement that is free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on the statement based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the project's preparation of the statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the project's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the statement

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Clean Opinion: Option 1: (Unmodified)



Section 2: Terms of Reference

Appendix B

Option A: Terms of Reference for audit firms engaged to conduct a financial audit of UNDP development project(s)

Note: Any statements other than what is presented in the samples below would be accepted by UNDP only if the audit firm confirms in writing that the text that it is proposing is in alignment with ISA 700.

In our opinion, the attached Combined Delivery Report (CDR) and Funds Utilization statement present fairly, in all material respects, the expenses of [insert amount in US\$] incurred by the project [insert official title of project] for the period [insert period covered] in accordance with UNDP accounting policies [if needed add - and the note to the statement] and were: (i) in conformity with the approved project budgets; (ii) for the approved purposes of the project; (iii) in compliance with the relevant regulations and rules, policies and procedures of UNDP; and (iv) supported by properly approved vouchers and other supporting documents.

Modified Opinions (Refer to ISA 705)

Option 2: (Qualified opinion)

In our opinion, the attached Combined Delivery Report (CDR) and Funds Utilization statement, except for the reasons indicated above in paragraphs (1), (2), (3), etc., [there should be a separate Basis for Qualified Opinion Paragraph where the basis for Qualified opinion is clearly explained] present fairly in all material respects the expenditure of [insert amount in US\$] incurred by the project for the period [insert period covered] in accordance with UNDP accounting policies [if needed add: and the note to the statement].

Option 3: (Adverse opinion)

In our opinion, based on the significance of the matter discussed in paragraph (1), (2), (3) etc. [there should be a separate Basis for Adverse Opinion Paragraph where the basis for adverse opinion is clearly explained] the statement of expenses does not give a true and fair view of the expenditure of [insert amount in US\$] incurred by the project for the period from [insert period covered]

Option 4: (Disclaimer of opinion)

Because of the significance of the matter described in paragraph (1),(2), (3), etc [there should be a separate Basis for Disclaimer of Opinion Paragraph where the basis for disclaimer of opinion is clearly explained] we were unable to obtain sufficient appropriate evidence to provide a basis for an audit opinion. Accordingly we are unable to express an opinion on the statement of expenses of [insert amount in US\$] incurred by the project and audited by us for the period from [insert period covered].

Emphasis of Matter [if applicable] (Refer to ISA 706)



Section 2: Terms of Reference

Appendix B

Option A: Terms of Reference for audit firms engaged to conduct a financial audit of UNDP development project(s)

Note: Any statements other than what is presented in the samples below would be accepted by UNDP only if the audit firm confirms in writing that the text that it is proposing is in alignment with ISA 700.

We draw attention to Note X to the statement of expenses which describes the uncertainty related to the xxxxxx. Our opinion is not qualified in respect of this matter.

Auditor's Signature
Date of the auditor's report
Auditor's address

II. Sample Certification for Statement of Fixed Assets (Refer to ISA 700)

We have audited the accompanying Statement of Fixed Assets ("the statement") of the UNDP project number [insert project number], [insert official title of project] as at XXX.

Management is responsible for the preparation of the statement for <name/title> project and for such internal control as management determines is necessary to enable the preparation of the statement that is free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on the statement based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the project's preparation of the schedule in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the project's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Section 2: Terms of Reference

Appendix B

Option A: Terms of Reference for audit firms engaged to conduct a financial audit of UNDP development project(s)

Note: Any statements other than what is presented in the samples below would be accepted by UNDP only if the audit firm confirms in writing that the text that it is proposing is in alignment with ISA 700.

Clean Opinion Option 1: (Unmodified)

In our opinion, the attached Statement of Assets presents fairly, in all material respects, the balance of inventory of the UNDP project [insert official title of project] amounting to [insert amount in \$US] as at xxxx in accordance with UNDP accounting policies [if needed add: set out in the note to the statement].

Modified Opinions (Refer to ISA 705)

Option 2: (Qualified opinion)

In our opinion, the attached Statement of Assets, except for the reasons indicated above in paragraphs (1), (2), (3), etc., [there should be a separate Basis for Qualified Opinion Paragraph where the basis for Qualified opinion is clearly explained] presents fairly in all material respects the balance of inventory of [insert amount in US\$] incurred by the project as at XXX in accordance with UNDP accounting policies [if needed add: set out in the note to the statement].

Option 3: (Adverse opinion)

In our opinion, based on the significance of the matter discussed in paragraph (1), (2), (3) etc [there should be a separate Basis for Adverse Opinion Paragraph where the basis for adverse opinion is clearly explained] the statement of assets does not give a true and fair view of the expenditure of [insert amount in US\$] incurred by the project and audited by us as at XXX

Option 4: (Disclaimer of opinion)

Because of the significance of the matter described in paragraph (1),(2), (3), etc [there should be a separate Basis for Disclaimer of Opinion Paragraph where the basis for disclaimer of opinion is clearly explained] we were unable to obtain sufficient appropriate evidence to provide a basis for an audit opinion. Accordingly we are unable to express an opinion on the statement of assets of [insert amount in US\$] incurred by the project and audited by us as at XXX.

Emphasis of Matter [if applicable] (Refer to ISA 706)

We draw attention to Note X to the statement of assets which describe the uncertainty related to the xxxxxx. Our opinion is not qualified in respect of this matter.



Section 2: Terms of Reference

Appendix B

Option A: Terms of Reference for audit firms engaged to conduct a financial audit of UNDP development project(s)

Note: Any statements other than what is presented in the samples below would be accepted by UNDP only if the audit firm confirms in writing that the text that it is proposing is in alignment with ISA 700.

III. Sample Certification of Statement of Cash (Statement of Cash is required only if there is separate bank account for each of the DIM project) (Refer to ISA 700)

We have audited the accompanying Statement of Cash ("the statement") of the UNDP project number [insert project number], [insert official title of project] as at XXX.

Management of <project name/title> is responsible for the preparation of the statement for project and for such internal control as management determines is necessary to enable the preparation of a statement that is free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on the statement based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the project's preparation of the statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the project's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Clean Opinion Option 1: (Unmodified)

In our opinion, the attached Statement of Cash presents fairly, in all material respects, the cash and bank balance of the UNDP project [insert official title of project] amounting to [insert amount in \$US] as at XXX in accordance with the accounting policies [if needed add: set out in the note to the statement].

Modified Opinions (Refer to ISA 705)

Option 2: (Qualified opinion)



Section 2: Terms of Reference

Appendix B

Option A: Terms of Reference for audit firms engaged to conduct a financial audit of UNDP development project(s)

Note: Any statements other than what is presented in the samples below would be accepted by UNDP only if the audit firm confirms in writing that the text that it is proposing is in alignment with ISA 700.

In our opinion, the attached Statement of Cash, except for the reasons indicated above in paragraphs (1), (2), (3), etc., [there should be a separate Basis for Qualified Opinion Paragraph where the basis for Qualified opinion is clearly explained] presents fairly in all material respects the cash and bank balance amounting to [insert amount in US\$] as at XXX in accordance with the accounting policies [if needed add: set out in the note to the statement].

Option 3: (Adverse opinion)

In our opinion, based on the significance of the matter discussed in paragraph (1), (2), (3) etc [there should be a separate Basis for Adverse Opinion Paragraph where the basis for adverse opinion is clearly explained] the statement of cash does not give a true and fair view of the cash and bank balance of [insert amount in US\$] audited by us as at XXX.

Option 4: (Disclaimer of opinion)

Because of the significance of the matter described in paragraph (1),(2), (3), etc [there should be a separate Basis for Disclaimer of Opinion Paragraph where the basis for disclaimer of opinion is clearly explained] we were unable to obtain sufficient appropriate evidence to provide a basis for an audit opinion. Accordingly we are unable to express an opinion on the statement of cash in the amount of [insert amount in US\$] audited by us as at XXX.

Emphasis of Matter [if applicable] (Refer to ISA 706)

We draw attention to Note X to the Statement of Cash which describe the uncertainty related to [give explanation of the uncertainty]. Our opinion is not qualified in respect of this matter.



Section 2: Terms of Reference

Option B: Terms of Reference for audit firms engaged to conduct a combined financial audit and an audit of internal controls and systems of UNDP development project(s)

GENERAL INTRODUCTION

In carrying out its development mission, the United Nations Development Programme (UNDP) provides a range of support services to the implementation of development projects. In specific circumstances such as special development situations, UNDP may take on the role of implementing partner. Projects that are implemented directly by UNDP are known as Directly Implemented (DIM) projects. As the implementing partner of a DIM project, UNDP has overall management responsibility and accountability for project implementation. UNDP is therefore, entrusted with and fully responsible and accountable for successfully managing and delivering a project's outputs. As the designated implementing partner of a DIM project, UNDP may either implement all the activities of the project, or alternatively, have some parts of the activities implemented by a "responsible party"⁹ such as another UN agency, an NGO or a national institution.

DIM project audits are carried out to provide assurance to UNDP senior management and donors, that resources are being used effectively and efficiently for the purposes intended and in accordance with UNDP policies and procedures.

The audit of DIM projects is under the mandate of the Office of Audit and Investigations (OAI) that either directly conducts or contracts out the audit of DIM projects.

1. AUDIT OBJECTIVES

The objectives of the engagement are two-fold:

A: A Financial Audit to express an opinion on the project's financial statements¹⁰ that includes:

- 1.1 Expressing an opinion on whether the financial expenses incurred by the project over a specified period and the funds utilization as at the end of a specified period are fairly presented in accordance with UNDP accounting policies and that the expenses incurred were: (i) in conformity with the approved project budgets; (ii) for the approved purposes of the project; (iii) in compliance with the relevant regulations and rules, policies and procedures of UNDP; and (iv) supported by properly approved vouchers and other supporting documents.

⁹ A responsible party is an entity that has been selected to act on behalf of UNDP when is the latter directly implements a project. The role of a responsible party on a project that is directly implemented by UNDP would be somewhat similar to that of a "sub-contractor".

¹⁰ Financial statements of a UNDP project include: the statement of expenses with related annexes as well as, where applicable, the statement of assets and the statement of cash position.



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Section 2: Terms of Reference

Option B: Terms of Reference for audit firms engaged to conduct a combined financial audit and an audit of internal controls and systems of UNDP development project(s)

The Combined Delivery Report (CDR) and the accompanying Funds Utilization¹¹ statement are the mandatory and official statements upon which the audit opinion should be expressed. Other forms of statement of expenses that may be prepared by a project office are not accepted.

- 1.2 Expressing an opinion on whether the statement of fixed assets presents fairly the balance of assets of the UNDP project as at a given date. This statement must include all assets available as at <<insert end date of the period to be covered by the audit>> and not only those purchased in a given period. Where a DIM project does not have any assets or equipment, it will not be necessary to express such an opinion.
- 1.3 Expressing an opinion on whether the statement of cash held by the project presents fairly the cash and bank balance of UNDP project as at a given date. Disbursements made against a DIM project are usually financed from the regular country office bank accounts. Exceptionally, a dedicated bank account may be opened and used solely for the cash transactions of a DIM project, e.g. if the project is in a remote location. The audit firm is required to express an opinion on the Statement of Cash only where a dedicated bank account for the DIM project has been established. In cases where the cash transactions of the audited DIM project are made through the country office bank accounts, this type of opinion is not required.

The Financial Audit will be conducted in accordance with the International Standards of Auditing, the 700 series.

B: An audit to assess and express an opinion on the project's internal controls and systems.

The deliverable will be an audit report similar to a long form management letter that covers the internal control weaknesses identified and the audit recommendations to address them.

The audit of internal controls and systems will be preferably conducted in accordance with the Institute of Internal Auditors International Professional Practices Framework (IPPF).

2. SCOPE OF AUDIT

The scope of the audit relates only to transactions concluded and recorded against the UNDP DIM project over a given period. The scope of the audit does not include:

¹¹ The Funds Utilization statement includes the balance, as at a given date, of five items: (a) outstanding advances received by the project; (b) depreciated fixed assets used at the project level; (c) Inventory held at the project level; (d) Prepayments made by the project; and (e) Outstanding commitments held by at the project level.



Section 2: Terms of Reference

Option B: Terms of Reference for audit firms engaged to conduct a combined financial audit and an audit of internal controls and systems of UNDP development project(s)

- Activities and expenses incurred or undertaken at the level of “responsible parties”, unless the inclusion of these expenses is specifically required in the request for proposal; and
- Expenses processed and approved in locations outside the country such as UNDP Regional Centres and UNDP Headquarters and where the supporting documentation is not retained at the level of the UNDP country office.

2.1 The audit shall:

- cover all activities of the project(s) <<insert Atlas title(s) and Atlas number(s) of project - use a table if necessary>> during the period from XXX to XXX <<insert period to be covered by the audit>>; and
- include a review of project reports and records located at the UNDP country office in <<insert location(s) where the records are located and where the audit fieldwork will mostly take place>>, and, as applicable, field offices of the project/programme at <<insert name of location(s)>> and other field locations.

2.2 Specifically, the audit shall cover the following:

A: Financial Audit

- The expenses incurred and recorded in the Combined Delivery Reports (CDR) of the project(s) <<insert Atlas number(s) of project>> during the period from XXX to XXX <<insert period to be covered by the audit>> and the Funds Utilization statement as at <<insert end date of the period to be covered by the audit>>, as reported by the Office in <<insert location>>;
- The value and existence of the fixed assets held by the project(s) <<insert Atlas project number(s)>> as at <<insert end date of the period to be covered by the audit>>; and
- The value and existence of cash held by the project <<insert Atlas project number(s)>> as at <<insert end date of the period to be covered by the audit>>, either as cash at hand or in the bank account (Statement of Cash is required only if there is separate bank account for the DIM project under review).

B: Audit of Internal Controls and Systems

The Audit Firm shall conduct the necessary audit steps to cover the project’s internal controls and systems in order to assess:



Section 2: Terms of Reference

Option B: Terms of Reference for audit firms engaged to conduct a combined financial audit and an audit of internal controls and systems of UNDP development project(s)

- (a) Reliability and integrity of project financial and operational information;
- (b) Effectiveness and efficiency of project operations;
- (c) Safeguarding of project assets;
- (d) Compliance with legislative mandates, regulations and rules, policies and procedures, as well as donor agreements.

The Audit Firm shall assess the internal controls with regard to the audited project in the following areas:

- (i) Organization and Staffing: Assess the overall project structure for effective work flows and management arrangements, including assignment of authority, accountability and responsibility to staff.
- (ii) Programme and project management: Assess the management aspects in terms of approval of the project, financial management of project funds, and monitoring of implementation towards achievement of project objectives. This includes reporting to the, Steering Committee, Project Board and/or Donors.
- (iii) Human Resources: Assess competitiveness and transparency of the recruitment process; and effectiveness of the management of project personnel, including contract administration, performance evaluation and payment of salaries and allowances.
- (iv) Finance: Assess the compliance with UNDP policies with respect to the safe custody and adequate management of cash, commitment of expenditures against approved budget, disbursement or payments against liabilities and cash advances to field offices, project staff, etc.
- (v) Procurement: Assess whether goods, services and civil works for the project are procured competitively and in a transparent manner in accordance with UNDP policies and procedures. This includes management of obligations and appropriate assessment of goods or services delivered and monitoring performance of the contractors, before payment.
- (vi) Asset Management: Assess whether project assets are adequately recorded, safeguarded, monitored, including periodic physical verification of their use and existence.
- (vii) Cash Management: Review the safeguarding of all cash (including bank accounts) held separately for the purposes of the project either in the UNDP country office or at the project field offices, including cash held as advances or imprest in any sub-office or field office.
- (viii) Information Systems: Assess the efficiency and security of the information systems established and maintained from project funds and their adequacy to meet the management and reporting requirements of the projects.



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Section 2: Terms of Reference

Option B: Terms of Reference for audit firms engaged to conduct a combined financial audit and an audit of internal controls and systems of UNDP development project(s)

- (ix) General Administration: These include areas of operations not specifically covered above and for which expenses are charged to the project covering such areas as: travel of project staff, use and maintenance of project vehicles, lease and maintenance of office premises.
- (x) Follow up on previous audits: To the extent feasible, assess the status of implementation of the previous audits' recommendations done within the last three years. [For further consultation with OAI, this task for the audit firm will be added only if justified to be cost-effective. Otherwise, a desk follow-up of previous audits will be carried out by OAI auditors themselves.]

The Audit Firm shall clearly confirm in their report that they have audited the above areas.

3. AUDIT PLANNING AND FIELDWORK

The Audit Firm will conduct the audit on behalf of OAI and will be under the general supervision of the Chief of OAI's Regional Audit Centre for XXX <<insert name of region>> (RAC)¹². Any major changes in the terms of reference shall be cleared with the Audit Chief, who will notify OAI Director/Deputy Director (Audit), as deemed necessary.

- 3.2 The Audit Firm shall be responsible for preparing the audit planning memorandum (in the Audit Firm's format), which must be approved by the Audit Firm's management before its implementation. The Audit Chief may request to review the audit planning memorandum and comment on it before the start of the audit fieldwork.
- 3.3 The timelines for the different milestones and any applicable key deliverables shall be agreed with the Audit Chief
- 3.4 The Audit Firm shall periodically provide the Audit Chief with status update on the fieldwork. The format of reporting and frequency of update will be agreed with the Audit Chief. Regardless of the timing for submission of aforesaid status update, any obstacle encountered during the conduct of the fieldwork shall be reported immediately to and resolved with the Audit Chief. As deemed necessary, the Audit Chief is responsible for escalating this to the Director or Deputy Director (Audit).
- 3.5 In ensuring quality of their work, the Audit Firm shall abide by ISA 220 (Quality Control for an Audit of Financial Statements) and by the International Standards on Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements.
- 3.6 In addition to the general supervision provided by the Audit Chief, OAI reserves the right to review the Audit Firm's audit processes, including audit planning memorandum and supporting audit working papers, as part of the review of the draft audit report. The review may be done on-site or through remote access to the electronic working paper files. Alternatively, the Audit Firm may be required to submit the working paper file or any part thereof to the Audit Chief for desk review.

¹² Also referred to: Audit Chief



Section 2: Terms of Reference

Option B: Terms of Reference for audit firms engaged to conduct a combined financial audit and an audit of internal controls and systems of UNDP development project(s)

- 3.7 As part of OAI's quality assurance improvement programme, OAI will seek feedback from concerned units on the quality of the audit fieldwork and audit results rendered by the selected Audit Firm through a post-audit client survey. OAI will also assess the quality of the audit report submitted by the selected Audit Firm.
- 3.8 The audit working papers and related documentation shall be available to UNDP and shall be kept by the Audit Firm for a minimum period of seven years.

4. REPORTING

As a result of the work performed, the Audit Firm is required to prepare a three-part audit report that covers all the areas specified in the objectives and scope mentioned in paragraphs 1 and 2 above. Where an area of audit specified in paragraph 2.2 is either not included in the work undertaken or not covered in the audit report, the reasons for not doing so must be clearly provided in the relevant section.

The three-part audit report to be submitted by the Audit Firm shall consist of three stand-alone documents:

- (i) Part I - An Executive Summary that summarizes the important issues raised in the financial audit reports and the management letter. The Executive Summary should be signed and stamped by the Audit Firm.
- (ii) Part II - Financial audit report(s) for each of the audited project(s) that clearly render an audit opinion and indicate the amount that the Audit Firm is certifying, and sign and stamp each of the statements being certified. All parties signing the statements must sign and clearly print their name, title, and entity:
 - An audit opinion on the Combined Delivery Report(s) (CDR) during the period from XXX to XXX <<insert period to be covered by the audit>> and the accompanying Funds Utilization of the project as at XXX <<insert end date of the period to be covered by the audit>> that is/are listed in Attachment I <<This is the background information on the DIM project(s) that will need to be audited>> and referred to in 1.1;
 - As applicable, an audit opinion on the Statement of Fixed Assets as at <<insert end date of the period to be covered by the audit>>, of the project in accordance with paragraph 1.2.; and
 - As applicable, an audit opinion on the Statement of Cash as at <<insert end date of the period to be covered by the audit>> in accordance with paragraph 1.3 (Statement of Cash is required only if there is separate bank account for each of the DIM project).



Section 2: Terms of Reference

Option B: Terms of Reference for audit firms engaged to conduct a combined financial audit and an audit of internal controls and systems of UNDP development project(s)

The above opinions shall be in accordance with ISA700 and related standards as outlined in Option A/Appendix B and in Option B/Appendix C to the present terms of reference. Any statements other than what is presented in the two appendices would be accepted by UNDP only if the audit firm confirms in writing that the text that it is proposing is in alignment with ISA 700. The financial statements of the DIM project shall be attached to the audit opinions which should include, as applicable, relevant notes to the statements being certified. In cases where a qualified, adverse or disclaimer audit opinion is made, the value of the net financial impact, as well as the reasons should be explicitly and clearly stated in the report. The issue(s) that gave rise to a qualified or adverse audit opinion or a disclaimer must be elaborated by the Audit Firm in Part III of the Audit Report (the long form management letter).

(iii) Part III – An audit report similar to a long form management letter signed and stamped by the Audit Firm captures the audit issues and recommendations. The presentation of audit issues should be made in accordance with the following structure (while a report template may be shared by OAI with the Audit Firm, the latter may use its own format as long as the following key elements are duly present):

- **IssueTitle:** A summarized version of the “audit condition” should be stated in a phrase, not a complete sentence.
- **Observation:** This should present a brief background statement, then describe the criteria (the criteria could be any of the following: regulations, rules, policies, procedures, generally accepted standards, stated programme objectives, office-defined expectations, best practices, or basically what measures the audit team used in making an evaluation and/or verification); the condition (= what is, or the situation that exists); the cause or the reason for the difference between the expected and actual conditions; and lastly describe the consequence or effect or impact/risk should the issue(s) remain unresolved.
- **Priority:** State the priority of recommendation as High (Critical) or Medium (Important), in accordance with the definition of priority in Appendix A to these terms of reference.
- **Recommendation:** Spell out the steps or actions that need to be taken to resolve the audit issue. The recommendation should address the root causes behind the current condition. In the case of a Close Out audit, recommendations should address the action to permanently close the issue.
- **Management comments and action plan:** After due analysis, incorporate the written management’s response to the audit findings and recommendations. Any disagreement expressed by the management, should give rise to discussion with a view to resolving and/or clarifying the difference in views.



Section 2: Terms of Reference

Option B: Terms of Reference for audit firms engaged to conduct a combined financial audit and an audit of internal controls and systems of UNDP development project(s)

- Auditor's response: If management agrees with the recommendation, there is no need for a response. When management, after due discussion, does not agree with the recommendation and the auditor decides to retain the recommendation, a response should be stated here, elaborating on the reason why the recommendation is considered valid and is maintained.
- 4.2 The draft three-part audit shall be prepared and submitted to OAI, RAC for review within a maximum of 20 working days after the completion of the audit fieldwork. The draft report shall be cleared by the Audit Chief prior to sending it to the audited Office for management comments.
- 4.3 The Audit Firm shall ensure that the comments of the management of the UNDP Office in <<insert location>> on the audit observations and recommendations are obtained in writing prior to their inclusion in the final draft Management Letter.
- 4.4 The final draft audit report shall focus on matters considered significant for the Office and/or UNDP as a whole, as determined by OAI.
- 4.5 The final draft audit report inclusive of management comments shall be submitted (in soft copy, Word format) to the OAI, RAC for review and clearance. The audit report should be addressed to the Director, OAI and not to the UNDP Office in <<insert location>>.
- 4.6 The review of the final draft audit report as submitted to OAI may give rise to comments or review notes from the RAC. The Audit Firm shall expeditiously respond to the RAC and properly address these review notes or comments to be cleared by OAI, RAC.
- 4.7 Any differences in professional judgment between the Audit Firm and OAI shall be resolved between the Audit Chief and the Audit Firm, prior to the issuance of the draft report to the audited Office for comments. This is particularly critical in case of different views on the resulting audit opinion on the financial statements.
- 4.8 The RAC shall give clearance for final payment to the Audit Firm, only once the final draft audit report has been approved and accepted by OAI.
- 4.9 OAI may accept audit reports in any of the three working languages (English, French, and Spanish). However, the Part I - Executive Summary to be prepared by the Audit Firm should be submitted in English.
- 4.10 In accordance with UNDP's disclosure policy, DIM audit reports issued from 1 December 2012 are being posted on the UNDP website. The final report shall not contain information that is deemed to be particularly sensitive because it relates to third parties (such as a vendor) or to a country, government or administration, or as compromising a pending legal action, or as being likely to endanger the safety and security of any individual, violate his/her privacy.



Section 2: Terms of Reference

Option B: Terms of Reference for audit firms engaged to conduct a combined financial audit and an audit of internal controls and systems of UNDP development project(s)

Any such statement or conclusion must be adequately validated during the audit fieldwork with the third party concerned and/or the third party must be given the opportunity to comment on those relevant parts of the draft report. Related details and supporting documentation must be in the audit working papers for the record.

5. AUDITORS' PROFESSIONAL QUALIFICATIONS

The Principal of the Audit Firm should have at least 10 years of post-qualification audit experience. The audit shall be led by a duly certified professional auditor, such as Chartered Accountant (CA), Chartered Certified Accountant (CCA) or Certified Public Accountant (CPA).

The auditor¹³ must be completely impartial and independent from all aspects of management or financial interests in the entity being audited. The auditor should not, during the period covered by the audit nor during the undertaking of the audit, be employed by, serve as director for, or have any financial or close business relationships with any senior participant in the management of the entity. It may be appropriate to remind an auditor of any existing statutory requirements relating to independence and to require an auditor to disclose any relationship that might possibly compromise his/her independence.

The audit team should be experienced in applying International Standards on Auditing (ISA) and the International Public Sector Accounting Standards (IPSAS). Also, a familiarity with the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors (IIA) would be considered an added advantage. The Audit Firm must employ adequate staff with appropriate professional qualifications and suitable experience with ISA or IPPF, including experience in auditing of entities comparable in size and complexity to the entity being audited.

The Audit Firm shall provide OAI with the key personnel involved in the audit engagement, e.g. managers, supervisors and key personnel proposed as part of the audit team.

¹³ The term 'auditor' is used in this paragraph to mean the audit firm as well as the auditors performing the audit.



Section 2: Terms of Reference

Appendix A

Option B: Terms of Reference for audit firms engaged to conduct a combined financial audit and an audit of internal controls and systems of UNDP development project(s)

Priorities of Audit Recommendations

The audit observations are categorized according to the priority of the audit recommendations and the possible causes of the issues. The categorized audit observation provides a basis by which the UNDP country office management is to address the issues.

The following categories of priorities are used:

High (Critical)	Action is considered imperative to ensure that UNDP is not exposed to high risks. Failure to take action could result in major consequences and issues.
Medium (Important)	Action is considered necessary to avoid exposure to significant risks. Failure to take action could result in significant consequences.
Low	Action is considered desirable and should result in enhanced control or better value for money. Low priority recommendations, if any, are dealt with by the Auditors directly with the Country Office management, during the exit meeting and through a separate memo subsequent to the fieldwork. Therefore, low priority recommendations are not included in the audit report



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Section 2: Terms of Reference

Appendix B

Option B: Terms of Reference for audit firms engaged to conduct a combined financial audit and an audit of internal controls and systems of UNDP development project(s)

Definition of Standard Audit Ratings to audit report covering the audit of internal controls and systems (long form management letter)

Standard Rating Definition

Satisfactory	Internal controls, governance and risk management processes were adequately established and functioning well. No issues were identified that would significantly affect the achievement of the objectives of the audited entity.
Partially Satisfactory	Internal controls, governance and risk management processes were generally established and functioning, but needed improvement. One or several issues were identified that may negatively affect the achievement of the objectives of the audited entity.
Unsatisfactory	Internal controls, governance and risk management processes were either not established or not functioning well. The issues identified were such that the achievement of the overall objectives of the audited entity could be seriously compromised.



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Section 2: Terms of Reference

Appendix C

Option B: Terms of Reference for audit firms engaged to conduct a combined financial audit and an audit of internal controls and systems of UNDP development project(s)

Note: Any statements other than what is presented in the samples below would be accepted by UNDP only if the audit firm confirms in writing that the text that it is proposing is in alignment with ISA 700.

Format for Financial Certifications

I. Sample Certification for Statement of Expenses

REPORT OF THE INDEPENDENT AUDITORS TO UNDP [insert project name] (Refer to ISA 700)

We have audited the accompanying Combined Delivery Report (CDR and Funds Utilization statement ("the statement") of the UNDP project [insert Atlas project number], [insert official title of project] for the period [insert period covered].

Management is responsible for the preparation of the statement for <name/title> project and for such internal control as management determines is necessary to enable the preparation of a statement that is free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on the statement based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the project's preparation of the statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the project's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Clean Opinion: Option 1: (Unmodified)

In our opinion, the attached Combined Delivery Report (CDR) and Funds Utilization statement present fairly, in all material respects, the expenditure of [insert amount in US\$] incurred by the project [insert official title of project] for the period [insert period covered] in accordance with UNDP accounting policies [if needed add - and the note to the statement] and were: (i) in conformity with the approved project budgets; (ii) for the approved purposes of the project; (iii) in compliance with the relevant regulations and rules, policies and procedures of UNDP; and (iv) supported by properly approved vouchers and other supporting documents.



Section 2: Terms of Reference

Appendix C

Option B: Terms of Reference for audit firms engaged to conduct a combined financial audit and an audit of internal controls and systems of UNDP development project(s)

Note: Any statements other than what is presented in the samples below would be accepted by UNDP only if the audit firm confirms in writing that the text that it is proposing is in alignment with ISA 700.

Modified Opinions (Refer to ISA 705)

Option 2: (Qualified opinion)

In our opinion, the attached Combined Delivery Report (CDR) and Funds Utilization statement, except for the reasons indicated above in paragraphs (1), (2), (3), etc., [there should be a separate Basis for Qualified Opinion Paragraph where the basis for Qualified opinion is clearly explained] present fairly in all material respects the expenditure of [insert amount in US\$] incurred by the project for the period [insert period covered] in accordance with UNDP accounting policies [if needed add: and the note to the statement].

Option 3: (Adverse opinion)

In our opinion, based on the significance of the matter discussed in paragraph (1), (2), (3) etc [there should be a separate Basis for Adverse Opinion Paragraph where the basis for adverse opinion is clearly explained] the statement of expenditure does not give a true and fair view of the expenditure of [insert amount in US\$] incurred by the project for the period from [insert period covered]

Option 4: (Disclaimer of opinion)

Because of the significance of the matter described in paragraph (1),(2), (3), etc. [there should be a separate Basis for Disclaimer of Opinion Paragraph where the basis for disclaimer of opinion is clearly explained] we were unable to obtain sufficient appropriate evidence to provide a basis for an audit opinion. Accordingly we are unable to express an opinion on the statement of expenditure of [insert amount in US\$] incurred by the project and audited by us for the period from [insert period covered].

Emphasis of Matter [if applicable] (Refer to ISA 706)

We draw attention to Note X to the statement of expenses which describes the uncertainty related to the xxxxxx. Our opinion is not qualified in respect of this matter.

II. Sample Certification for Statement of Fixed Assets (Refer to ISA 700)

We have audited the accompanying Statement of Fixed Assets ("the statement") of the UNDP project number [insert project number], [insert official title of project] as at XXX.



Section 2: Terms of Reference

Appendix C

Option B: Terms of Reference for audit firms engaged to conduct a combined financial audit and an audit of internal controls and systems of UNDP development project(s)

Note: Any statements other than what is presented in the samples below would be accepted by UNDP only if the audit firm confirms in writing that the text that it is proposing is in alignment with ISA 700.

Management is responsible for the preparation of the statement for <name/title> project and for such internal control as management determines is necessary to enable the preparation of the statement that is free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on the statement based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the project's preparation of the statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the project's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Clean Opinion Option 1: (Unmodified)

In our opinion, the attached Statement of Assets presents fairly, in all material respects, the balance of inventory of the UNDP project [insert official title of project] amounting to [insert amount in \$US] as at xxxx in accordance with UNDP accounting policies [if needed add: set out in the note to the statement].

Modified Opinions (Refer to ISA 705)

Option 2: (Qualified opinion)

In our opinion, the attached Statement of Assets, except for the reasons indicated above in paragraphs (1), (2), (3), etc., [there should be a separate Basis for Qualified Opinion Paragraph where the basis for Qualified opinion is clearly explained] presents fairly in all material respects the balance of inventory of [insert amount in US\$] incurred by the project as at XXX in accordance with UNDP accounting policies [if needed add: set out in the note to the statement].



Section 2: Terms of Reference

Appendix C

Option B: Terms of Reference for audit firms engaged to conduct a combined financial audit and an audit of internal controls and systems of UNDP development project(s)

Note: Any statements other than what is presented in the samples below would be accepted by UNDP only if the audit firm confirms in writing that the text that it is proposing is in alignment with ISA 700.

Option 4: (Disclaimer of opinion)

Because of the significance of the matter described in paragraph (1),(2), (3), etc [there should be a separate Basis for Disclaimer of Opinion Paragraph where the basis for disclaimer of opinion is clearly explained] we were unable to obtain sufficient appropriate evidence to provide a basis for an audit opinion. Accordingly we are unable to express an opinion on the statement of assets of [insert amount in US\$] incurred by the project and audited by us as at XXX.

Emphasis of Matter [if applicable] (Refer to ISA 706)

We draw attention to Note X to the Statement of Assets which describe the uncertainty related to the xxxxxx. Our opinion is not qualified in respect of this matter.

III. Sample Certification of Statement of Cash (Statement of Cash is required only if there is separate bank account for each of the DIM project) (Refer to ISA 700)

We have audited the accompanying Statement of Cash ("the statement") of the UNDP project number [insert project number], [insert official title of project] as at XXX.

Management of <project name/title> is responsible for the preparation of the statement for project and for such internal control as management determines is necessary to enable the preparation of a statement that is free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on the statement based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statement is free from material misstatement.



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Section 2: Terms of Reference

Appendix C

Option B: Terms of Reference for audit firms engaged to conduct a combined financial audit and an audit of internal controls and systems of UNDP development project(s)

Note: Any statements other than what is presented in the samples below would be accepted by UNDP only if the audit firm confirms in writing that the text that it is proposing is in alignment with ISA 700.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the project's preparation of the statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the project's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Clean Opinion Option 1: (Unmodified)

In our opinion, the attached Statement of Cash presents fairly, in all material respects, the cash and bank balance of the UNDP project [insert official title of project] amounting to [insert amount in \$US] as at XXX in accordance with the accounting policies [if needed add: set out in the note to the statement].

Modified Opinions (Refer to ISA 705)

Option 2: (Qualified opinion)

In our opinion, the attached Statement of Cash, except for the reasons indicated above in paragraphs (1), (2), (3), etc., [there should be a separate Basis for Qualified Opinion Paragraph where the basis for Qualified opinion is clearly explained] presents fairly in all material respects the cash and bank balance amounting to [insert amount in US\$] as at XXX in accordance with the accounting policies [if needed add: set out in the note to the statement].

Option 3: (Adverse opinion)

In our opinion, based on the significance of the matter discussed in paragraph (1), (2), (3) etc [there should be a separate Basis for Adverse Opinion Paragraph where the basis for adverse opinion is clearly explained] the statement of cash does not give a true and fair view of the cash and bank balance of [insert amount in US\$] audited by us as at XXX

Option 4: (Disclaimer of opinion)



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Section 2: Terms of Reference

Appendix C

Option B: Terms of Reference for audit firms engaged to conduct a combined financial audit and an audit of internal controls and systems of UNDP development project(s)

Note: Any statements other than what is presented in the samples below would be accepted by UNDP only if the audit firm confirms in writing that the text that it is proposing is in alignment with ISA 700.

Because of the significance of the matter described in paragraph (1),(2), (3), etc [there should be a separate Basis for Disclaimer of Opinion Paragraph where the basis for disclaimer of opinion is clearly explained] we were unable to obtain sufficient appropriate evidence to provide a basis for an audit opinion. Accordingly we are unable to express an opinion on the statement of cash in the amount of [insert amount in US\$] audited by us as at XXX.

Emphasis of Matter [if applicable] (Refer to ISA 706)

We draw attention to Note X to the Statement of Cash which describe the uncertainty related to [give explanation of the uncertainty]. Our opinion is not qualified in respect of this matter.



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Section 3: Proposal Submission Cover Letter Form¹⁴

[insert: Location]

[insert: Date]

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

Dear Sir/Madam:

We, the undersigned, hereby offer to provide professional services for a Long-Term Agreement to Provide Services for the Audit of Development Projects in accordance with your Request for Proposal dated [insert: Date] and our Proposal. We are hereby submitting our Proposal, which includes the Technical Proposal and Financial Proposal sealed under a separate envelope.

We hereby declare that:

- a) All the information and statements made in this Proposal are true and we accept that any misrepresentation contained in it may lead to our disqualification;
- b) We are currently not on the removed or suspended vendor list of the UN or other such lists of other UN agencies, nor are we associated with, any company or individual appearing on the 1267/1989 list of the UN Security Council;
- c) We have no outstanding bankruptcy or pending litigation or any legal action that could impair our operation as a going concern; and
- d) We do not employ, nor anticipate employing, any person who is or was recently employed by the UN or UNDP.

We confirm that we have read, understood and hereby accept the Terms of Reference describing the scope of work and responsibilities required of us in this RFP, and the General Terms and Conditions of UNDP's Contract for Services.

We agree to abide by this Proposal for [insert: period of validity as indicated in Data Sheet].

We undertake, if our Proposal is accepted, to adhere to the representations, undertakings and daily rates mentioned in our Proposal and that will become an integral part of the Long-Term Agreement to be signed with UNDP.

We fully understand and recognize that UNDP is not bound to accept this proposal, that we shall bear all costs associated with its preparation and submission, and that UNDP will in no case be responsible or liable for those costs, regardless of the conduct or outcome of the evaluation.

¹⁴ No deletion or modification may be made in this form. Any such deletion or modification may lead to the rejection of the Proposal.



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Section 3: Proposal Cover Letter Submission Form¹⁵

We remain,

Yours sincerely,

Authorized Signature *[In full and initials]*: _____

Name and Title of Signatory: _____

Name of Firm: _____

Contact Details: _____

[please mark this letter with your corporate seal, if available]

¹⁵ No deletion or modification may be made in this form. Any such deletion or modification may lead to the rejection of the Proposal.



Section 4: Documents Establishing Overall Qualifications of the Proposer

Note: To facilitate the review of the overall qualifications of the proposers, the information shown below should be included in the sealed envelope of the Technical Proposal and be easily accessible-. To this effect, the information could be either: (a) included in a readily identifiable section of the Technical Proposal; or (b) presented as a stand-alone document that supplements the Technical Proposal.

Proposer Information Form¹⁶

Date: *[insert date (as day, month and year) of Proposal Submission]*
RFP No.: *[insert number]*

Page _____ of _____ pages

1. Proposer's Legal Name <i>[insert Proposer's legal name]</i>		
2. In case of Joint Venture (JV), legal name of each party: <i>[insert legal name of each party in JV]</i>		
3. Actual or intended Country/ies of Registration/Operation: <i>[insert actual or intended Country of Registration]</i>		
4. Year of Registration: <i>[insert Proposer's year of registration]</i>		
5. Countries of Operation	6. No. of staff in each Country	7. Years of Operations in each Country
8. Legal Address/es in Country/ies of Registration/Operation: <i>[insert Proposer's legal address in country of registration]</i>		
9. Value and Description of Top three (3) Biggest Contract for the past five (5) years		
10. Latest Credit Rating (if any)		
b) Brief description of litigation history (disputes, arbitration, claims, etc.), indicating current status and outcomes, if already resolved.		
12. Proposer's Authorized Representative Information		
Title & Name: <i>[insert Authorized Representative's name]</i>		
Address: <i>[insert Authorized Representative's name]</i>		
Telephone/Fax numbers: <i>[insert Authorized Representative's name]</i>		
Email Address: <i>[insert Authorized Representative's name]</i>		
13. Are you in the UNPD List 1267.1989 or UN Ineligibility List? <input type="checkbox"/> YES or <input type="checkbox"/> NO		

¹⁶ The Proposer shall fill in this Form in accordance with the instructions. Except for providing additional information, no alterations to its format shall be permitted and no substitutions shall be accepted.



Section 4: Documents Establishing the Overall Qualifications of the Proposer

14. Attached are copies of original documents of:

- ☐ All eligibility document requirements listed in the Data Sheet
- ☐ If Joint Venture/Consortium – copy of the Memorandum of Understanding/Agreement or Letter of Intent to form a JV/Consortium, or Registration of JV/Consortium, if registered
- ☐ If case of Government corporation or Government-owned/controlled entity, documents establishing legal and financial autonomy and compliance with commercial law.

Joint Venture Partner Information Form (if Registered)¹⁷

Date: *[insert date (as day, month and year) of Proposal Submission]*

RFP No.: *[insert number]*

Page _____ of _____ pages

1. Proposer's Legal Name: <i>[insert Proposer's legal name]</i>		
2. JV's Party legal name: <i>[insert JV's Party legal name]</i>		
3. JV's Party Country of Registration: <i>[insert JV's Party country of registration]</i>		
4. Year of Registration: <i>[insert Party's year of registration]</i>		
5. Countries of Operation	6. No. of staff in each Country	7. Years of Operation in each Country
8. Legal Address/es in Country/ies of Registration/Operation: <i>[insert Party's legal address in country of registration]</i>		
9. Value and Description of Top three (3) Biggest Contract for the past five (5) years		
10. Latest Credit Rating (if any)		
11. Brief description of litigation history (disputes, arbitration, claims, etc.), indicating current status and outcomes, if already resolved.		

¹⁷ The Proposer shall fill in this Form in accordance with the instructions. Apart from providing additional information, no alterations to its format shall be permitted and no substitutions shall be accepted.



Section 4: Documents Establishing Overall Qualifications of the Proposer

12. JV's Party Authorized Representative Information

Title & Name: *[insert name of JV's Party authorized representative]*

Address: *[insert address of JV's Party authorized representative]*

Telephone/Fax numbers: *[insert telephone/fax numbers of JV's Party authorized representative]*

Email Address: *[insert email address of JV's Party authorized representative]*

13. Attached are copies of original documents of: *[check the boxes of the attached original documents]*

- ☐ All eligibility document requirements listed in the Data Sheet
- ☐ Articles of Incorporation or Registration of firm named in 2.
- ☐ In case of government owned entity, documents establishing legal and financial autonomy and compliance with commercial law.



Section 5: Technical Proposal Form

TECHNICAL PROPOSAL FORM For Long-Term Agreement to Provide Services for the Audit of Development Projects in the United Nations Development Project

Note: Technical Proposals should follow the same structure as this format. The Financial Proposal should be included in a separate sealed envelope.

Name of Proposing Organization / Firm:	
Country of Registration:	
Title & Name of Contact Person for this Proposal:	
Address:	
Phone / Fax:	
Email:	

PART 1: EXPERTISE OF FIRM/ ORGANISATION

1.1 Brief Description of the Proposer as an Entity: Provide a brief description of the firm submitting the proposal and mainly cover: (a) legal mandates/authorized business activities; (b) the year and country of incorporation; (c) types of activities undertaken, (d) total number of professional staff; (e) organizational and management structure of firm; (e) recruitment practices; (f) training policies; (g) overall quality assurance procedures; (f) etc. Include reference to reputation, or any history of litigation and arbitration in which the firm has been involved that could adversely affect or impact the performance of services, indicating the status/result of such litigation/arbitration. The firm is required to have at least 15 years of experience in providing audit services and must have international experience (in at least 10 different countries) working with multinational companies/organizations. If applicable, the firm is invited to also provide information about its experience in providing similar audit services to international development organizations.

1.2 Geographical coverage and affiliated firms: provide information about the geographical firm presence in the regions/countries where UNDP has activities. In this respect, include a detailed list of the affiliated firms that will be participating in the provision of the audit services. The detailed list of affiliated firms should, at minimum, include the following information: (a) name of the firm; (b) address of the firm; (c) number of audit professionals working in the affiliated firm (number of: audit partners, audit managers, audit seniors, audit associates/assistants, etc.); and (d) nature of the relation between the firm submitting the proposal and the affiliated firms that will be involved in providing the audit services. For describing the nature of the relation with the affiliated firms, please be guided by the following definitions or provide pertinent description to this effect.



Section 5: Technical Proposal Form

(a) An associate firm: is a direct partnership between this firm and the parent international firm with quality control directly exercised by the parent firm; (b) A representative firm: is an independent audit firm that has a representation agreement with the parent international firm covering, inter alia, adherence to the professional standards and techniques of the latter. The representation agreement empowers the parent international firm to exercise regular quality controls so as to ensure that its professional standards and techniques are adhered to. This agreement provides also for a continuous exchange of professional know-how; (c) A correspondent: an entity that is not part of the parent international firm but with whom arrangements have been made to have services rendered to clients in the country of the correspondent. In such event, the quality control procedures and the exchange of know-how, if existent, as exercised by the parent international firm should be specified

1.3. Financial Capacity: Provide the latest Audited Financial Statement (Income Statement and Balance Sheet) duly certified by a Public Accountant. Include, if available, any indication of credit rating, industry rating, etc.

1.4. Track Record and Experiences: Provide the following information regarding corporate experience within the last three (3) years which are related or relevant to the type of audit services required for this Contract.

Name of project	Client	Contract Value	Period of activity	Types of activities undertaken	Status or Date Completed	References Contact Details (Name, Phone, Email)

PART 2 - PROPOSED METHODOLOGY, APPROACH AND IMPLEMENTATION PLAN

2.1. Understanding of the LTA requirements: Please provide a description of the LTA requirements and its associated stages

2.2. Approach to the audit work: Please provide a description of the overall methodology for how the firm will achieve the Terms of Reference of the audit of UNDP development projects, e.g. what would be typically the size and structure of the audit taking that will be assigned?, how local conditions and UNDP business environment will be taken into account (e.g. management and implementation of development projects)?, etc.

2.3. Technical Quality Assurance Review Mechanisms: The methodology shall also include a description of the firm's technical and quality assurance review mechanisms that it will apply to the audit services that will be provided in order to ensure a good and consistent quality of work. Indicate whether all the audit reports that will be submitted to UNDP will be all signed by the same audit partner.

2.4. Timelines of audit assignments and final report: Provide information on how, typically, the audit assignments will be scheduled and their timeline with a particular emphasis on the time needed for issuing a final audit report after the end of field work.



Section 5: Technical Proposal Form

2.5. Risks/Mitigation Measures: Please describe the potential risks for the implementation of the audit services covered by this Long-Term Agreement, including specific audit assignments that will be awarded to the firm during the duration of the agreement. Describe measures that will be put in place to mitigate these risks.

2.6. Other: Any other comments or information regarding the approach and methodology that will be adopted.

PART 3: SERVICE ARRANGEMENTS AND KEY PERSONNEL

3.1. Service Arrangements: Provide a description of the overall arrangements that will be in place for the purpose of supervising, managing and providing the audit services covered by this Long Term Agreement.

3.3. Qualifications of Key Personnel: Provide the CVs for key personnel (Audit Partner, Audit Manager, Team Leader, Quality Assurer, etc.) who will be the designated service team for this Long Term Agreement. CVs should demonstrate qualifications in areas relevant to the Terms of Reference. At minimum, the members of the service team shall hold a graduate degree and shall have at least 3 years of professional experience.

***Important note:** The members of service team will be an important consideration in the evaluation of the proposal. No substitution will be allowed once the agreement has been signed except in extreme circumstances and with the written approval of UNDP. If a substitution is unavoidable, it will be with a person who, in the opinion of UNDP, is at least as experienced as the person being replaced, and subject to the approval of UNDP. No increase in costs will be considered as a result of a substitution)*

Name:		
Position for this Contract:		
Nationality:		
Countries of Work Experience:		
Language Skills:		
Educational and other Qualifications:		
Summary of Experience: <i>Highlight experience in the region and on similar projects.</i>		
Relevant Experience (From most recent):		
Period: From – To	Name of activity/Project/ funding organisation, if applicable:	Job Title and Activities undertaken/Description of actual role performed:
<i>e.g. June 2004-January 2005</i>		
<i>Etc.</i>		
<i>Etc.</i>		
References no.1 (minimum of 3):	<i>Name Designation Organization Contact Information – Address; Phone; Email; etc.</i>	



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Section 5: Technical Proposal Form

Reference no.2	<i>Name</i> <i>Designation</i> <i>Organization</i> <i>Contact Information – Address; Phone; Email; etc.</i>
Reference no.3	<i>Name</i> <i>Designation</i> <i>Organization</i> <i>Contact Information – Address; Phone; Email; etc.</i>
Declaration: <p>I confirm my intention to serve in the stated position and present availability to serve for the term of the proposed contract. I also understand that any wilful misstatement described above may lead to my disqualification, before or during my engagement.</p> <p>Signature of the member of the service team: _____</p> <p>Date Signed: _____</p>	



Section 6: Financial Proposal Form

The firm is required to submit a Financial Proposal in a sealed envelope separate from the Technical proposal, as indicated in the Instructions to Proposers (Section 1).

The Financial Proposal must provide a detailed cost breakdown in United States dollars that is presented by each functional grouping or professional category of audit team members.

Reimbursable costs, such as travel and/or out-of-pocket expenses should not be included in the pricing of your financial proposal. These could, as applicable, be added whenever the audit firm that has signed a Long-Term Agreement with UNDP is asked to submit a secondary proposal. However, the reimbursable costs shall not constitute more than a 20% share the total costs proposed by the audit firm's during a secondary selection process.

All prices/rates quoted must be exclusive of all taxes, since UNDP is exempt from taxes as detailed in UNDP General Conditions of Contract for Services, Clause 18.

The costs of preparing a proposal and of negotiating a contract are not reimbursable by UNDP.

The table shown below is suggested as a guide in preparing the Financial Proposal.

Title	Minimum Years of experience	(1) Daily Rate In US\$	(2) Average distribution of time on audit assignment In %	(3) Weighted Daily Rate US\$
Principal Auditor				
Audit Manager				
Audit Senior				
Audit Associate				
			100%	

Note: for the "Title", use what the titles that used in your firm. The "Years of Experience" is meant to show, generally speaking, what is the number of years of experience that people at this level have. You could use a range such as "3-5 years". You may also use the minimum of years, e.g. "5 years or more"

The "Average % time spent on audit assignment" is for the audit firm to indicate its common practice for distributing the total time budgeted for an audit assignment among the various category of audit professionals. For example, 5% to Principal Auditor, 10% to Audit Manager, etc.

The firm may choose to present your Financial Proposal in any of the following manner:

- A single set of daily rates that is applicable to all regions and all countries;
- One set of daily rates for each region covered by each of UNDP Regional Audit Centres (refer to Section 9). The firm may also split a given region into two sub-regions and submit one rate for each sub-region (only a split in no more than 2 sub-regions is acceptable). For this option it is highly critical for the audit firm to clearly identify which countries are attached to each sub-region;
- A daily rate per country where UNDP is present (refer to Section 9). This daily rate per country might not be the most efficient to manage but it would be acceptable if deemed necessary by the audit firm;



d) Section 6: Financial Proposal Form

- e) The daily rate mentioned in the Financial Proposal shall apply to the audit teams that will undertake audit assignments in the future. The daily rate is not applicable to the members of the designated service team; and
- f) If the audit firm intend to bill the cost of the service team to UNDP, this should be separately presented in the Financial Proposal along with a clear description as to the method that will be used to determine the billable costs.

Irrespective of the option chosen, the presentation of the Financial Proposal should be clear enough and avoid any possible confusion in respect of what daily rates apply to which country.

Further, UNDP will put more emphasis on the Weighted Daily Rate (column (3) above) that applies to those countries where it has historically had a greater need for having DIM audits carried out. To this effect a weight of 20% to the Weighted Daily Rate (see column (3) above) will be applied to the countries where, historically, UNDP has had a recurrent need to DIM audits carried. Recurrent is defined as cases where UNDP had to have DIM audits undertaken in a given country more than once in the past three years (refer to Section 8 for history of DIM audits).

Once a Long-Term-Agreement is signed with an audit firm, the daily rate mentioned in the Financial Proposal shall be used for all future pricing and for a period of three years after the signature of the agreement. The average distribution of time on audit assignment (in %) will be also used as a reference for comparative purposes but not as a mandatory requirement.

Ultimately, UNDP will calculate a weighted average daily rate and use this to compare the financial proposals that were received.

Price considerations

UNDP expects that proposed prices would be fixed for three years. The firm should specify whether the prices would remain fixed for the entire duration of the contract period or, indicate a maximum yearly increase rate.

For all three years of the contract [please check one]

[---] the prices will remain fixed for the duration of the contract

[---] the prices will increase yearly by a maximum percentage of ____% [specify]

Payment terms

As and when UNDP enters into a contract for the audit of projects in a specific country that is based on the Long-Term Agreement that will be signed as a result of the current process, the payment terms will be as follows:

Milestone	% Payable
Contract signature	20%
End of audit fieldwork	20%
Submission of audit report with management comments	30%
Acceptance of satisfactory by UNDP of the final report	30%



Section 7: LONG-TERM AGREEMENT

Long-Term Agreement to Provide Services for the Audit of Development Projects

Contract number: **xxxx**

Date:

This Long Term Agreement is made between the **United Nations Development Programme**, a subsidiary organ of the United Nations, having its headquarters at 1 UN Plaza, New York, NY 10017 (hereinafter referred to as "UNDP") and **[insert name of the audit firm]** incorporated under the laws of **[country]** with its registered office at **[insert address of the audit firm]** (hereinafter referred to as "Contractor").

WHEREAS, UNDP desires to enter into a Long Term Agreement for the provision of financial audits of UNDP development projects by the Contractor to UNDP.

WHEREAS pursuant to the Request for Proposal "**[Name and number of the RFP for LTA]**" and pursuant to the Contractor's offer, Ref. "Long Term Agreement for the provision of services to the UNDP" dated **[insert the date of the proposer's proposal to LTA]**, the offer of the Contractor was accepted;

NOW, THEREFORE, UNDP and the Contractor (hereinafter jointly the "Parties") hereby agree as follows:

Article 1: SCOPE OF WORK

1. The Contractor shall provide the types of services and deliverables, which are listed in Annex 1a and Annex 1b hereto ("Terms of Reference"), as and when negotiated by and between UNDP and the Contractor and reflected in a contract for professional services in the form attached hereto as Annex 2: Contract for professional services hereinafter referred to as "Contract". As and when audit services are needed, UNDP will provide the Contractor with background information about the unit(s) that will be subjected to the audit along with key target dates for the delivery of the audit services and will request the Contractor to submit a fixed price offer to this effect. This is what we call a secondary proposal.



Section 7: LONG-TERM AGREEMENT

The Contractor shall submit a total fixed price offer that includes all cost components associated with the services. The Contractor shall breakdown its fixed price offer by category of personnel and show the time/effort, e.g. the number of days that will be spent by category of personnel on the audit assignment. The Contractor shall also specify in its price offer the personnel who will be assigned to deliver the audit services and their qualifications. UNDP's selection of the most suitable price offer will be based on the principle of best value-for-money which takes into account the total fixed price as well as the adequacy of the personnel and time/effort that are proposed for performing the audit services.

2. Such audit services shall be provided at the same rates of the Contractor's financial proposal and that are listed in Annex 3. The prices are expected to remain fixed for three years..
3. UNDP does not warrant that any quantity of Services will be purchased during the term of this Agreement.

Article 2: CHANGES IN CONDITION

4. In the event of any advantageous or disadvantageous technical changes and/or downward or upward pricing of the Services during the duration of this Agreement, the Contractor shall notify UNDP immediately. UNDP and Contractor shall consider the impact of any such event and may request an amendment to the Agreement.

Article 3: GENERAL AND SPECIAL TERMS AND CONDITIONS

5. The standard UNDP General Terms and Conditions for Services, attached as Annex 4, shall apply to this Agreement, and any subsequent contracts concluded in accordance with paragraph 1 above.
6. For the purposes of Section 13 of the General Conditions for Professional Services, attached to the Long Term Agreement as Annex 4, all documents, information and data provided by UNDP to the Contractor under this Contract shall be treated as confidential even when not expressly designated as such by UNDP.

Article 4: ACCEPTANCE

7. This Agreement supersedes all prior oral or written agreements, if any, between the Parties and constitutes the entire agreement between the parties with respect to the provision of the Services hereunder.
8. This Agreement shall enter into force on the date of the last signature by the representatives of the Parties but not later than [insert the date] and shall remain in force for a period of one year and may be extended annually (for two additional years) by mutual agreement of the parties and subject to satisfactory performance of the Contractor.



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IN WITNESS WHEREOF, the duly authorized representative of the PARTIES have signed this agreement.

For and on behalf of:

Name of the LTA audit firm.

**UNITED NATIONS
DEVELOPMENT PROGRAMME**

Authorized signature

Name and title of the signatory

Contact details of Audit Firm

Authorized signature

Named and Title of the signatory
Office of Audit and Investigations



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Section 7: LONG-TERM AGREEMENT

Annex 1

Terms of Reference

For the Terms of Reference, refer to Section 2 of this RFP



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Annex 2

Note: This Contract for Professional Services will be signed as a result of a secondary selection process. As and when UNDP has identified a number of directly implemented (DIM) projects that need to be audited, it will contact the audit firm(s) with whom it has signed a Long-Term Agreement and request the submission of proposals for the audit of these specific projects (see Section 9 for a template). This request will be accompanied with background information on the projects that need to be audited (volume of expenditure, nature of activities, etc.) as well as the TORs that are in Section 2 of this RFP. The secondary request for proposals results in a secondary selection process by which UNDP selects the proposal that it considers as offering best value-for-money. The price proposal for this secondary selection process will be comprised of: (a) the daily rates that have been agreed to in the Long-Term-Agreement; (b) the proposed number of days that the audit firm is proposing to spend to complete its audit work; and (c) any travel and/or out-of-pocket expenses that may apply.

Contract for Professional Services

Date _____

Dear Sir/Madam,

Ref.: _____/_____/_____ **[INSERT PROJECT NUMBER AND TITLE OR OTHER REFERENCE]**

The United Nations Development Programme (hereinafter referred to as "UNDP"), wishes to engage your **[company/organization/institution]**, duly incorporated under the Laws of _____ **[INSERT NAME OF THE COUNTRY]** (hereinafter referred to as the "Contractor") in order to perform services in respect of _____ **[INSERT SUMMARY DESCRIPTION OF THE SERVICES]** (hereinafter referred to as the "Services"), in accordance with the following Contract:

1. Contract Documents

- 1.1 This Contract is subject to the UNDP General Conditions of Contract For Services attached hereto as Annex I. The provisions of such Annex shall control the interpretation of this Contract and in no way shall be deemed to have been derogated by the contents of this letter and any other Annexes, unless otherwise expressly stated under section 4 of this letter, entitled "Special Conditions".
- 1.2 The Contractor and UNDP also agree to be bound by the provisions contained in the following documents, which shall take precedence over one another in case of conflict in the following order:
 - a) this Letter;



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Section 7: LONG-TERM AGREEMENT

Annex 2

- b) UNDP General Conditions of Contract for Services, attached hereto as Annex I
 - c) the Terms of Reference [ref.dated.....], attached hereto as Annex II;
 - d) the Long Term Agreement signed on ...
 - e) the Contractor's technical and financial proposals [ref....., dated] (documents not attached hereto but known to and in the possession of both parties);
 - f) the UNDP Request for Proposal [ref....., dated.....] (documents not attached hereto but known to and in the possession of both parties).
- 1.3 All the above shall form the Contract between the Contractor and UNDP, superseding the contents of any other negotiations and/or agreements, whether oral or in writing, pertaining to the subject of this Contract.
2. Obligations of the Contractor
- 2.1 The Contractor shall perform and complete the Services described in Annex with due diligence and efficiency and in accordance with the Contract.
- 2.2 The Contractor shall provide the services of the personnel as indicated in the Contractor's Technical Proposal.
- 2.3 Any changes in the key personnel shall require prior written approval of **[NAME and TITLE]**, UNDP. The Contractor will replace non performing personnel. The replacement of such personnel will be mutually agreed between the Parties and the costs of which will be borne by the Contractor.
- 2.4 The Contractor shall also provide all technical and administrative support needed in order to ensure the timely and satisfactory performance of the Services.
- 2.5 The Contractor shall submit to UNDP the deliverables specified hereunder according to the following schedule:

Milestone	Target date
Start of audit fieldwork	No later than dd/mm/yyyy
End of audit fieldwork	No later than dd/mm/yyyy
Submission of draft audit report	No later than dd/mm/yyyy
Submission of final audit report with management comments	No later than dd/mm/yyyy



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Section 7: LONG-TERM AGREEMENT

Annex 2

- 2.6 All audit reports shall be written in the English language and transmitted by e-mail to **[NAME, TITLE, and E-MAIL]**. The Contractor shall deliver an original final version of the report in a hard copy, by mail or courier, to the address specified in 9. below.
- 2.7 The Contractor represents and warrants the accuracy of any information or data provided to UNDP for the purpose of entering into this Contract, as well as the quality of the deliverables and reports foreseen under this Contract in accordance with the highest industry and professional standards.
3. Price and Payment
- 3.1 In full consideration for the complete and satisfactory performance of the Services under this Contract, UNDP shall pay the Contractor a fixed contract price of _____ **[INSERT CURRENCY & AMOUNT IN FIGURES AND WORDS]**.
- 3.2 The price of this Contract is not subject to any adjustment or revision because of price or currency fluctuations or the actual costs incurred by the Contractor in the performance of the Contract.
- 3.3 Payments effected by UNDP to the Contractor shall be deemed neither to relieve the Contractor of its obligations under this Contract nor as acceptance by UNDP of the Contractor's performance of the Services.
- 3.4 UNDP shall effect payments to the Contractor after acceptance by UNDP of the invoices submitted by the Contractor to the address specified in 9. below, upon achievement of the corresponding milestones and for the following amounts:

Milestone	% Payable
Contract signature	20%
End of audit fieldwork	20%
Submission of audit report with management comments	30%
Acceptance of satisfactory by UNDP of the final report	30%

Invoices shall indicate the milestones achieved and corresponding amount payable.

4. Special conditions
- 4.1 The responsibility for the safety and security of the Contractor and its personnel and property, and of UNDP's property in the Contractor's custody, rests with the Contractor.
- 4.2 For the purposes of Section 13 in UNDP General Conditions of Contract For Services, attached hereto as Annex I, all documents, information and data provided by UNDP to the Contractor under this Contract shall be treated as confidential even when not expressly designated as such by UNDP.
5. Submission of invoices



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Section 7: LONG-TERM AGREEMENT

Annex 2

- 5.1 An original invoice shall be submitted by mail by the Contractor for each payment under the Contract to the address specified in 9. below.
- 5.2 Invoices submitted by fax shall not be accepted by UNDP.
6. Time and manner of payment
- 6.1 Invoices shall be paid within thirty (30) days of the date of their acceptance by UNDP. UNDP shall make every effort to accept an invoice or so advise the Contractor of its non-acceptance within a reasonable time from receipt.
- 6.2 All payments shall be made by UNDP to the following Bank account of the Contractor:
- _____ **[NAME OF THE BANK]**
- _____ **[ACCOUNT NUMBER]**
- _____ **[ADDRESS OF THE BANK]**
7. Entry into force. Time limits.
- 7.1 The Contract shall enter into force upon its signature by both parties.
- 7.2 The Contractor shall commence the performance of the Services not later than _____ **[INSERT DATE]** and shall complete the Services within _____ **[INSERT NUMBER OF DAYS OR MONTHS]** of such commencement.
- 7.3 All time limits contained in this Contract shall be deemed to be of the essence in respect of the performance of the Services.
8. Modifications
- 8.1 Any modification to this Contract shall require an amendment in writing between both parties duly signed by the authorized representative of the Contractor and UNDP.
9. Notifications

For the purpose of notifications under the Contract, the addresses of UNDP and the Contractor are as follows:



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Annex 2

For the UNDP:

Name:	
Designation:	
Address:	
Tel. No.:	
Fax No.:	
E-mail address:	

Section 7: LONG-TERM AGREEMENT

For the Contractor:

Name:	
Designation:	
Address:	
Tel. No.:	
Fax No.:	
E-mail address:	

If the above terms and conditions meet with your agreement as they are typed in this letter and in the Contract Documents, please initial every page of this letter and its attachments and return to this office one original of this Contract, duly signed and dated.

Yours sincerely,

[INSERT NAME AND DESIGNATION]



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Section 7: LONG-TERM AGREEMENT

For **[INSERT NAME OF THE COMPANY/ORGANIZATION]**

Agreed and Accepted:

Signature: _____

Name: _____

Title: _____

Date: _____



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Section 7: LONG-TERM AGREEMENT

Annex 3

Prices Applicable to the Contract for Professional Services

The Prices must be a total “fixed price” indicating the overall total amount. .

The format shown below is for use as a guide in preparing the Financial Proposal. The format includes items, which may or may not be required or applicable but are indicated to serve as examples.

Personnel Designation/Title	No. of Personnel	No. of work days	Daily rate	Total fees
Sub-totals		xxx days		\$yyyy
Average daily rate per person = \$yyyy/xxx days			\$zz/day	
Cost-reimbursable items (travel, OPE, etc.):				
Total fixed price				

- The daily rates shall be the same as those stated in the audit firm’ financial proposal and which led to the signature of a Long-Term-Agreement with UNDP
- All prices/rates quoted must be exclusive of all taxes, since UNDP is exempt from taxes as detailed in UNDP General Conditions of Contract for Services, Clause 18
- Any cost-reimbursable items, such as travel and out-of-pocket expenses (OPE), must be included in the overall “fixed price” submitted to UNDP and should be shown on a separate line
- No amount other than the proposed total “fixed price” shall be paid by UNDP for the provision of the services which is the subject of the present RFP



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Section 7: LONG-TERM AGREEMENT

Annex 4

UNDP GENERAL CONDITIONS OF CONTRACT 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:



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Annex 4

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.



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Annex 4

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:



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Annex 4

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.



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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) day-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.



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Annex 4

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.



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Section 7: LONG-TERM AGREEMENT

Annex 4

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.



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Section 7: LONG-TERM AGREEMENT

Annex 4

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 SECURITY:

23.1 The Contractor shall:

- (a) Put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the services are being provided;
- (b) Assume all risks and liabilities related to the Contractor's security, and the full implementation of the security plan.

23.2 UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of this contract. Notwithstanding the foregoing, the Contractor shall remain solely responsible for the security of its personnel and for UNDP's property in its custody as set forth in paragraph 4.1 above.

24.0 AUDITS AND INVESTIGATIONS:



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Section 7: LONG-TERM AGREEMENT

Annex 4

24.1 Each invoice paid by UNDP shall be subject to a post-payment audit by auditors, whether internal or external, of UNDP or the authorized agents of the UNDP at any time during the term of the Contract and for a period of three (3) years following the expiration or prior termination of the Contract. The UNDP shall be entitled to a refund from the Contractor for any amounts shown by such audits to have been paid by the UNDP other than in accordance with the terms and conditions of the Contract. Should the audit determine that any funds paid by UNDP have not been used as per contract clauses, the company shall reimburse such funds forthwith. Where the company fails to reimburse such funds, UNDP reserves the right to seek recovery and/or to take any other action as it deems necessary.

24.2 The Contractor acknowledges and agrees that, at any time, UNDP may conduct investigations relating to any aspect of the Contract, the obligations performed under the Contract, and the operations of the Contractor generally. The right of UNDP to conduct an investigation and the Contractor's obligation to comply with such an investigation shall not lapse upon expiration or prior termination of the Contract. The Contractor shall provide its full and timely cooperation with any such inspections, post-payment audits or investigations. Such cooperation shall include, but shall not be limited to, the Contractor's obligation to make available its personnel and any documentation for such purposes and to grant to UNDP access to the Contractor's premises. The Contractor shall require its agents, including, but not limited to, the Contractor's attorneys, accountants or other advisers, to reasonably cooperate with any inspections, post-payment audits or investigations carried out by UNDP hereunder.

25.0 ANTI-TERRORISM:

25.1 The Contractor agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received under this Contract are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via <http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm>. This provision must be included in all sub-contracts or sub-agreements entered into under this Contract.

26.0 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 Agreement, 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 Agreement signed by the Contractor and jointly by the UNDP Authorized Official.



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Section 8: Background Information

Geographical Presence

The Office of Audit and Investigations has five Regional Audit Centers that cover UNDP country offices worldwide. The location of these centres and the country offices that they cover is shown below.

In addition, two of OAI units that are based in New York may, at times, need to commission the audit of development projects. These audits will need to be carried out either in New York and/or in one of the countries where UNDP is present.

Regional Audit Centre for Asia and the Pacific (RAC-PAC)			
1	Afghanistan	13	Maldives
2	Bangladesh	14	Mongolia
3	Bhutan	15	Myanmar
4	Cambodia	16	Nepal
5	China	17	Pakistan
6	Democratic People's Republic of Korea	18	Papua New Guinea
7	Fiji	19	Philippines
8	India	20	Samoa
9	Indonesia	21	Sri Lanka
10	Iran	22	Thailand
11	Lao PDR	23	Timor Leste
12	Malaysia	24	Vietnam

Regional Audit Centre for Eastern Europe, the Commonwealth of Independent States and the Middle East (RAC-ECME)			
1	Albania	18	Libya
2	Armenia	19	Macedonia, former Yugoslav Republic of
3	Azerbaijan	20	Moldova
4	Bahrain	21	Montenegro
5	Belarus	22	Programme of Assistance to the Palestinian People
6	Bosnia & Herzegovina	23	Saudi Arabia
7	Croatia	24	Serbia
8	Cyprus	25	Sudan
9	Egypt	26	Syria
10	Georgia	27	Tajikistan
11	Iraq	28	Turkey
12	Jordan	29	Turkmenistan
13	Kazakhstan	30	Ukraine
14	Kosovo	31	United Arab Emirates
15	Kuwait	32	Uzbekistan
16	Kyrgyzstan	33	Yemen
17	Lebanon		

Section 8: Background Information



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Regional Audit for East and Southern Africa (RAC-ESA)			
1	Angola	13	Nigeria
2	Botswana	14	Rwanda
3	Eritrea	15	Sierra Leone
4	Ethiopia	16	Somalia
5	Ghana	17	South Africa
6	Kenya	18	South Sudan
7	Lesotho	19	Swaziland
8	Liberia	20	Uganda
9	Malawi	21	United Republic of Tanzania
10	Mauritius	22	Zambia
11	Mozambique	23	Zimbabwe
12	Namibia	24	

Regional Audit for Latin America and the Caribbean (RAC-LAC)			
1	Argentina	14	Guyana
2	Barbados	15	Haiti
3	Belize	16	Honduras
4	Bolivia	17	Jamaica
5	Brazil	18	Mexico
6	Chile	19	Nicaragua
7	Colombia	20	Panamá
8	Cost Rica	21	Paraguay
9	Cuba	22	Peru
10	Dominican Republic	23	Suriname
11	Ecuador	24	Trinidad & Tobago
12	El Salvador	25	Uruguay
13	Guatemala	26	Venezuela

Regional Audit for North, West and Central Africa (RAC-NWCA)			
1	Algeria	15	Gabon
2	Benin	16	Gambia
3	Burkina Faso	17	Guinea
4	Burundi	18	Guinea-Bissau
5	Cameroon	19	Madagascar
6	Cape Verde	20	Mali
7	Central African Republic	21	Mauritania
8	Chad	22	Morocco
9	Comoros	23	Niger
10	Congo (Brazzaville)	24	Sao Tome & Principe
11	Cote d'Ivoire	25	Senegal
12	Democratic Republic of Congo	26	Togo
13	Djibouti	27	Tunisia
14	Equatorial Guinea		



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Section 8: Background Information

History of DIM Audits by Regional Audit Centre:

The table below shows the past of audits of UNDP projects that have been commissioned by OAI in 2012, 2013 and 2014. This is provided for information purposes only and to give the proposers a general idea of the volumes involved. This information is by no means indicative of the volume of work that will be commissioned by UNDP in the future. This future volume is dependent on a number of variables and it is not possible for UNDP to predict what will be its future need for the services of an audit firm to audit its development projects. This need is dependent on a number of variables which cannot be pre-established or pre-estimated.

RAC	2012		2013		2014	
	No. of Projects	Expen. (\$m)	No. of Projects	Expen. (\$m)	No. of Projects	Expendit. (\$m)
<u>RAC-AP</u>						
Afghanistan	6	53	4	18	11	64
Bangladesh			3	53	5	24
India					2	16
Indonesia					1	9
Myanmar	1	10	2	11	1	6
Nepal	1	3	1	6	1	7
Pakistan			4	68	1	5
Papua New Guinea					1	1
Philippines					2	6
Sri Lanka	1	2				
Timor Leste	4	9				
Total RAC-AP	13	77	14	156	25	137
<u>RAC-ECME</u>						
Cyprus			4	21	2	10
Egypt			1	5		
Georgia	1	4				
Iraq (Republic of)			3	24	1	4
Kyrgyzstan	3	3				
Libya			1	8		
Moldova	1	4	1	7		
Programme of Assistance to the Palestinian People	5	33	7	16	4	16
Sudan	3	54	1	15	2	8
Tajikistan	1	8			1	3
The former Yugoslav Republic of Macedonia	1	4				
Ukraine	3	11	2	23		
Yemen			1	7	2	3
Total RAC-ECME	18	122	21	126	12	44



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Section 8: Background Information

RAC	2012		2013		2014	
	No. of Projects	Expen. (\$m)	No. of Projects	Expen. (\$m)	No. of Projects	Expendit. (\$m)
<u>RAC-ESA</u>						
Liberia	2	17				
Malawi	2	4				
Nigeria	1	22			1	18
Sierra Leone	7	35			1	13
Somalia					8	46
South Sudan	5	28			5	54
Tanzania	1	25				
Total RAC-ESA	18	30	-	-	15	132
<u>RAC-LAC</u>						
Bolivia			2	2		
Brazil					3	72
Chile						
	2	2				
Colombia	2	5			1	4
Dominican Republic					2	2
Haiti			4	43	3	40
Nicaragua	1	10				
Total RAC-LAC	5	17	6	46	9	118
<u>RAC-NWCA</u>						
Burkina Faso			1	5		
Burundi	2	7				
Central African Republic	9	10	1	13		
Chad	1	8	1	5	2	8
Congo (Dem. Republic of)			13	109	1	3
Congo (Republic of)			3	15		
Cote D'Ivoire	1	12				
Guinea					2	13
Madagascar					1	9
Mali					1	24
Niger			1	35	1	3
Senegal	2	1				
Total RAC-NWCA	15	38	20	183	8	60



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Section 8: Background Information

RAC	2012		2013		2014	
	No. of Projects	Expen. (\$m)	No. of Projects	Expen. (\$m)	No. of Projects	Expendit. (\$m)
HQs						
Gender Team (NY)			1	1		
Congo (Dem. Republic of)			1	3		
Kenya				14		
United Nations Capital Development Fund (NY)					4	14
Total HQs	-	-	2	18	4	14
Grand Total	51	263	42	401	61	461

Estimated DIM Audits in 2015

The DIM audit plans in for 2015 have not been finalized yet. At this point, we can provide the following estimates which are subject change once the planning has been fully completed.

RAC	2015	
	No. of Projects	Expen. (\$m)
RAC-AP		
Afghanistan	7	115
Bangladesh	2	22
India	1	8
Indonesia	1	9
Myanmar	1	7
Total RAC-AP	12	161
RAC-ECME		
Iraq (Republic of)	1	3
Lebanon	2	21
Libya	1	7
Bosnia & Herzegovina	1	24
Programme of Assistance to the Palestinian People	6	24
Armenia	1	15
Yemen	1	7
Total RAC-ECME	13	101



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Section 8: Background Information

RAC	2012	
	No. of Projects	Expen. (\$m)
<u>RAC-ESA</u>		
Malawi	1	11
Nigeria	1	17
Somalia	4	24
South Sudan	2	8
Total RAC-ESA	8	60
<u>RAC-LAC</u>		
Brazil	2	15
Colombia	1	4
Haiti	2	7
Peru	1	78
Total RAC-LAC	6	104
<u>RAC-NWCA</u>		
Congo (Dem. Republic of)	3	9
Mali	1	9
Total RAC-NWCA	4	18
Grand Total	43	444



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Section 9: Template for Secondary Selection Based on LTA with Audit Firm

Letter of Invitation for Price Proposal

[Insert: Location]

[Insert: Date]

Subject: Price Proposal for project audits from Long Term Agreement audit firms

Dear Mr./Ms.: [indicate name]

With reference to our Long-Term-Agreement signed on [insert the date], the United Nations Development Programme (UNDP), hereby invites you to submit the Price Proposal for the [insert type of audit- financial or financial + internal controls] audits of the following [insert number of] projects. Please note that some projects will be audited for more than one financial year. Below is the summary of the projects will be subjected to the audits:

Country	Project (ID and Title)	FY (e.g. 2013) Expenditures USD	FY Expenditures USD	FY Expenditures USD
A	Project number - project title			
B	Project number - project title			
C	Project number - project title			

For more detail on each project please refer to the attached overview table (Annex #2).

Also, you can download all supporting documents for each of the projects (such as CDR, asset list, detailed transaction report, project background information and Terms of Reference) [here](#): <<<Online access to documentation might not be always possible>>>

As stated in our LTA, the selection of the most suitable price offer will be based on the principle of best value-for-money which takes into account the total fixed price as well as the adequacy of the personnel and time/effort that are proposed for performing the audit services for each country separately.

Please provide us with the information for each project in the required format (as per attached Annex#3) by [insert the date]

Your Price Proposal should be submitted with the CV of each personnel proposed to deliver the audit service for these [insert number] projects subjected to the audits.

You are kindly requested to send your Price Proposal and CV to the following address:

United Nations Development Programme
[insert: address and email address]
Attention: [insert: name of focal point]



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Section 9: Template for Secondary Selection Based on LTA with Audit Firm

Should you require further clarifications, kindly communicate with the contact person identified above. UNDP looks forward to receiving your Price Proposals and thanks you in advance for your interest in UNDP procurement opportunities.

Yours sincerely,

[insert: Signature, name, title of UNDP authorized signatory]



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Section 9: Template for Secondary Selection Based on LTA with Audit Firm

Annex # 2: Project Overview Table

Country	Project (ID and Title)	FY (e.g 2013) Expenditures (USD)	FY Expenditures (USD)	FY Expenditures (USD)	Fixed Assets (USD)	Project Bank Account	Preferred Fieldwork date	Location of Project Documents/ office
A								
B								
C								



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Section 9: Template for Secondary Selection Based on LTA with Audit Firm

Annex #3: Template for Price Proposal from LTA audit firm for each project subjected to the audit

Country of the project:	Project:		Audit Firm:			
Team Member Category*	Name	Language skills (if required)**	Years of experience	Qualification (CPA/ ACCA/ CIA, etc.)	Daily Rate	Numbers of days for audit
Principal Auditor						
Audit Manager						
Audit Senior						
Audit Junior						
Other, please specify						
Total number of days						
Total Professional fee						
Travel and out-of-pocket expenses						
Total fixed price (Professional fee + Travel and out-of-pocket expenses)						
Value for a day (Professional fee/Total number of days)						

*Attach CV of each personnel proposed to deliver audit service for specific project(s).

<<Note: the audit Chief has to decide if language criteria is mandatory before sending the invitation for Price Proposal to LTA audit firms>>

***<<<Note: audit Chief is to refer to RFP for LTA to ensure that the Travel and out-of-pocket expenses should not constitute more than a 20% share the total cost proposed by the audit firm and agreed by the audit firms in their financial proposal for LTA>>>



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Section 10: Eligibility Questionnaire

Note: for your ease of reference, we have listed below the minimum requirements that your audit firm needs to meet in order for your proposal to be eligible for consideration by UNDP. All the items mentioned below should be fully met. If a single item in the list below is not met, UNDP will not give your proposal further consideration. We strongly encourage you to review this questionnaire before you consider preparing and submitting a proposal of services.

#	Questions	Please post your brief answer here	Remarks
1	Does your firm have at least 15 year experience in providing audit services?		In reference to the Section 5; Point 1.1 of the RFP, if this number cannot be reached, please do not proceed with submission.
2.	Does your firm have experience in providing audit services at an international level, i.e. in at least 10 different countries?		In reference to the Section 5; Point 1.1 of the RFP, the audit firms must have conducted audit at an international level, i.e. in at least 10 different countries to be eligible to bid for the global audit services. If this number cannot be reached, please do not proceed with submission.
3.	If yes to Q2, please list your 3 client references for similar projects, where your firm was the main/lead contractor.		In reference to the Section 1, Data Sheet #27, if this number cannot be reached please do not proceed with submission.
4	Has your firm submitted a Certificate of Registration of the Business, including Article of Incorporation or equivalent document?		In reference to the Section 1, Data Sheet #26, if the answer is no, please do not proceed with submission.
5	Has your firm submitted its last audited financial statements?		Refer to Section 1, Data Sheet #26



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Section 10: Eligibility Questionnaire

6	The Proposer confirms that, as and when necessary, it will give UNDP access to its audit working papers which shall be maintained in either English, Spanish or French.		Ensure that this confirmation is clearly spelled out in the proposal that you will submit to UNDP. Otherwise, your proposal would be rejected.
7	The Proposer confirms that the audit work will be carried out in full compliance with the International Standards on Auditing (ISA)		Ensure that this confirmation is clearly spelled out in the proposal that you will submit to UNDP. Otherwise, your proposal would be rejected.



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Section 11: Confirmation of Intent to Submit a Proposal

Please type or print and return by **9 March 2015** to email address: oai.bids@undp.org with the e-mail subject: **LTA for DIM audits**

Confirmation of Intent to Submit a Proposal

Dear Sir/Madam,

Subject: Request for Proposal for a Long-Term-Agreement to Provides Services for the Audit of Development Projects in UNDP

We, the undersigned, acknowledge receipt of your Request for a Proposal dated 23 February 2015 pertaining to the above subject and herby confirm that:

a) ☐ We intend

b) ☐ We do not intend

to submit a proposal to the United Nations Development Programme by the deadline of 16 March 2015.

Name of our representatives designated for this engagement					
Firm/company's name (Proposer):					
Address:					
Country		City/State		Zip:	
Signature of Authorized Representative:					
Name			Title:		
Telephone:		Ext:		Fax:	
Email address					