



United Nations Development Programme

REQUEST FOR PROPOSALS

RFP/UNDP/HAI/16/005

**AUDITS OF UNDP SUB-RECIPIENTS FUNDED BY THE GLOBAL FUND TO FIGHT AIDS, TUBERCULOSIS AND
MALARIA (GFATM)**

UNDP- Haiti

January 2016

Section 1. Letter of Invitation

Port-au-Prince, January 28, 2016

AUDITS OF UNDP SUB-RECIPIENTS FUNDED BY THE GLOBAL FUND TO FIGHT AIDS, TUBERCULOSIS AND MALARIA

Dear Mr./Ms.:

The United Nations Development Programme (UNDP) hereby invites you to submit a Proposal to this Request for Proposal (RFP) for the above-referenced subject.

This RFP includes the following documents:

- Section 1 – This Letter of Invitation
- Section 2 – Instructions to Proposers (including Data Sheet)
- Section 3 – Terms of Reference
- Section 4 – Proposal Submission Form
- Section 5 – Documents Establishing the Eligibility and Qualifications of the Proposer
- Section 6 – Technical Proposal Form
- Section 7 – Financial Proposal Form
- Section 8 – Form for Proposal Security
- Section 9 – Form for Performance Security
- Section 10 – Form for Advanced Payment Guarantee
- Section 11 – Contract for Professional Services, including General Terms and Conditions

Your offer, comprising of a Technical and Financial Proposal, **in separate sealed envelopes**, should be submitted in accordance with Section 2.

You are kindly requested to submit an acknowledgment letter to UNDP to the following address:

United Nations Development Programme
Logbase MINUSTAH, Clercine 18 & Tabarre
Port-au-Prince, Haiti
Procurement.ht@undp.org
Attention: Procurement Unit

The letter should be received by UNDP no later than **Tuesday, February 02, 2016 at 16:00**. The same letter should advise whether your company intends to submit a Proposal. If that is not the case, UNDP would appreciate your indicating the reason, for our records.

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.

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,



Deputy Country Director/O

Section 2: Instruction to Proposers

Definitions

- a) *"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.
- b) *"Country"* refers to the country indicated in the Data Sheet.
- c) *"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.
- d) *"Day"* refers to calendar day.
- e) *"Government"* refers to the Government of the country that will be receiving the services provided/rendered specified under the Contract.
- f) *"Instructions to Proposers"* (Section 2 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
- g) *"LOI"* (Section 1 of the RFP) refers to the Letter of Invitation sent by UNDP to Proposers.
- h) *"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.
- i) *"Proposal"* refers to the Proposer's response to the Request for Proposal, including the Proposal Submission Form, Technical and Financial Proposal and all other documentation attached thereto as required by the RFP.
- j) *"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.
- k) *"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.
- l) *"Services"* refers to the entire scope of tasks and deliverables requested by UNDP under the RFP.
- m) *"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.
- n) *"Terms of Reference"* (TOR) refers to the document included in this RFP as Section 3 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. (See http://www.undp.org/about/transparencydocs/UNDP_Anti_Fraud_Policy_English_FINAL_june_2011.pdf and http://www.undp.org/content/undp/en/home/operations/procurement/procurement_protect/ for full description of the policies)
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 goods and 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.

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 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 RFP Section 4);
- 9.2 Documents Establishing the Eligibility and Qualifications of the Proposer (see RFP Section 5);
- 9.3 Technical Proposal (see prescribed form in RFP Section 6);
- 9.4 Financial Proposal (see prescribed form in RFP Section 7);
- 9.5 Proposal Security, if applicable (if required and as stated in the **Data Sheet** (DS nos. 9-11), see prescribed Form in RFP Section 8);
- 9.6 Any attachments and/or appendices to the Proposal.

10. 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) 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). UNDP will respond in writing, transmitted by electronic means and will transmit copies of the response (including an explanation of the query but without identifying the source of inquiry) to all Proposers who have provided confirmation of their intention to submit a Proposal.
- 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).

- 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. All field work will be conducted in French.

14. Proposal Submission Form

The Proposer shall submit the Proposal Submission Form using the form provided in Section 4 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:

- 15.1 Expertise of Firm/Organization – this section should provide details regarding management structure of the organization, organizational capability/resources, and experience of organization/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 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).

Proposers must be fully aware that the products or services that UNDP requires may be transferred, immediately or eventually, by UNDP to the Government partners, or to an entity nominated by the latter, in accordance with UNDP's policies and procedures. All proposers are therefore required to submit the following in their proposals :

- a) A statement of whether any import or export licences are required in respect of the goods to be purchased or services to be rendered, including any restrictions in the country of origin, use or dual use nature of the goods or services, including any disposition to end users; and
- b) Confirmation that the Proposer has obtained license of this nature in the past, and have an expectation of obtaining all the necessary licenses, should their Proposal be rendered the most responsive.

- 15.3 Management Structure and Key Personnel – This section should include the comprehensive 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), 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), or;
- c) In the case the successful Proposer fails:
 - i. to sign the Contract 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 effectivity of the contract that may be awarded to the Proposer.

16. Financial Proposals

The Financial Proposal shall be prepared using the attached standard form (Section 7). It shall list all major cost components associated with the services, and the detailed

breakdown of such costs. All outputs and activities described in the Technical Proposal must be priced separately on a one-to-one correspondence. Any output and activities described in the Technical Proposal but not priced in the Financial Proposal, shall be assumed to be included in the prices of other activities or items, as well as in the final total price.

17. Currencies

All prices shall be quoted in the currency indicated in the **Data Sheet** (DS no. 15). However, where Proposals are quoted in different currencies, for the purposes of comparison of all Proposals:

- a) UNDP will convert the currency quoted in the Proposal into the UNDP preferred currency, in accordance with the prevailing UN operational rate of exchange on the last day of submission of Proposals; and
- b) In the event that the proposal found to be the most responsive to the RFP requirement is quoted in another currency different from the preferred currency as per **Data Sheet** (DS no. 15), then UNDP shall reserve the right to award the contract in the currency of UNDP's preference, using the conversion method specified above.

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.

18. Documents Establishing the Eligibility and 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 5, Proposer Information Forms. 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, in the case of a Proposer offering to supply goods under the Contract which the Proposer did not manufacture or otherwise produce, the Proposer has been duly authorized by the goods' manufacturer or producer to supply the goods in the country of final destination;
- b) That the Proposer has the financial, technical, and production capability necessary to perform the Contract; and
- c) 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.

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:

- 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), 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), commencing on the submission deadline date also indicated in the **Data Sheet** (DS no. 21). 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.

22. Proposer's Conference

When appropriate, a proposer's conference will be conducted at the date, time and location specified in the **Data Sheet** (DS no. 7). 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) 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). 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). 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).
- 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

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).

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.

25. 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 Submission Form or any extension thereof.

26. 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.

27. 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.

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

28. Preliminary Examination of Proposals

UNDP shall examine the Proposals to determine whether they are complete with respect to minimum documentary requirements, whether the documents have been properly signed, whether or not the Proposer is in the UN Security Council 1267/1989 Committee's list of terrorists and terrorist financiers, and in UNDP's list of suspended and removed vendors, and whether the Proposals are generally in order, among other indicators that may be used at this stage. UNDP may reject any Proposal at this stage.

29. 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 Financial Proposal Envelopes corresponding to Proposals that did not meet the minimum passing technical score shall be returned to the Proposer unopened. 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:

Rating the Technical Proposal (TP):

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

Rating the Financial Proposal (FP):
FP Rating = (Lowest Priced Offer / Price of the Offer Being Reviewed) x 100
Total Combined Score:
(TP Rating) x (Weight of TP, e.g. 70%)
+ (FP Rating) x (Weight of FP, e.g., 30%)
Total Combined and Final Rating of the Proposal

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 on 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.

30. 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.

31. 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.

32. Nonconformities, Reparable 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.

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

F. AWARD OF CONTRACT

33. 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 award 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/procurement_protect/ for details)

34. Award Criteria

Prior to expiration of the period of proposal validity, UNDP shall award the contract to the qualified Proposer with the highest total score based on the evaluation method indicated in the **Data Sheet** (DS nos. 25 and 32).

35. Right to Vary Requirements at the Time of Award

At the time of award of Contract, UNDP reserves the right to vary the quantity of services and/or goods, by up to a maximum twenty five per cent (25%) of the total offer, without any change in the unit price or other terms and conditions.

36. Contract Signature

Within fifteen (15) days from the date of receipt of the Contract, the successful Proposer shall sign and date the Contract 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 Contract to the Proposer with the second highest rated Proposal, or call for new Proposals.

37. 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 effectivity of the Contract that will be signed by and between the successful Proposer and UNDP.

38. Bank Guarantee for Advanced Payment

Except when the interests of UNDP so require, it is the UNDP's preference to make no advanced payment(s) on contracts (i.e., payments without having received any outputs). In the event that the Proposer requires an advanced payment upon contract signature, and if such request is duly accepted by UNDP, and the said advanced payment exceeds 20% of the total proposal price, or exceed the amount of USD 30,000, UNDP shall require the Proposer to submit a Bank Guarantee in the same amount as the advanced payment. A bank guarantee for advanced payment shall be furnished in the form provided in Section 10.

39. 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/procurement/protest.shtml>

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 :	PNUD/GLOBAL FUND PROJECTS
2		Title of Services/Work:	AUDITS OF UNDP SUB-RECIPIENTS FUNDED BY THE GLOBAL FUND TO FIGHT AIDS, TUBERCULOSIS AND MALARIA
3		Country / Region of Work Location:	HAITI
4	C.13	Language of the Proposal:	English <input checked="" type="checkbox"/> French <input type="checkbox"/> Spanish <input type="checkbox"/> Others (pls. specify) _____
5	C.20	Conditions for Submitting Proposals for Parts or sub-parts of the TOR	<input type="checkbox"/> Allowed <input checked="" type="checkbox"/> Not allowed
6	C.20	Conditions for Submitting Alternative Proposals	<input checked="" type="checkbox"/> Shall not be considered <input type="checkbox"/> Shall be considered. A proposer may submit an alternative proposal, but only if it also submits a proposal that meets the base case. UNDP shall only consider the alternative proposals offered by the Proposer whose proposal for the base case was determined to be the proposal with the highest evaluated score.
7	C.22	A pre-proposal conference will be held on:	Time: N/A Date: N/A Venue: _____ The UNDP focal point for the arrangement is: _____ Address: _____ Telephone: _____ Facsimile: _____ E-mail: _____

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.

8	C.21	Period of Proposal Validity commencing on the submission date	<input type="checkbox"/> 60 days <input checked="" type="checkbox"/> 90 days <input type="checkbox"/> 120 days
12		Advanced Payment upon signing of contract	<input checked="" type="checkbox"/> Allowed up to a maximum of 20% of contract ² Allowed up to 40% after the approbation of the draft report Allowed up to 40% after OAI approval of the report <input type="checkbox"/> Not allowed
13		Liquidated Damages	<input type="checkbox"/> ill not be imposed <input type="checkbox"/> ill be imposed under the following conditions : Percentage of contract price per day of delay : <u> 1 </u> % Max. no. of days of delay : <u> 2 week </u> After which UNDP may terminate the contract.
14	F.37	Performance Security	<input type="checkbox"/> Required Amount : _____ Form: _____ <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\$) <input type="checkbox"/> Euro <input checked="" type="checkbox"/> Local Currency UN monthly rate
16	B.10.1	Deadline for submitting requests for clarifications/questions	3 days before the submission date.
17	B.10.1	Contact Details for submitting clarifications/questions ³	United Nations Development Programme Logbase MINUSTAH, Clercine 18 & Tabarre Port-au-Prince, Haiti Procurement.ht@undp.org Attention : Procurement Unit
18	B.11.1	Manner of Disseminating Supplemental Information to the RFP and responses/clarifications to queries	<input type="checkbox"/> Direct communication to prospective Proposers by email or fax <input checked="" type="checkbox"/> Direct communication to prospective Proposers by email or fax, and Posting on the website ⁴ http://procurement-notice.undp.org

² If the advanced payment that the Proposer will submit will exceed 20% of the Price Offer, or will exceed the amount of USD 30,000, the Proposer must submit an Advanced Payment Security in the same amount as the advanced payment, using the form and contents of the document in Section 10

³ This contact person and address is officially designated by UNDP. If inquiries are sent to other person/s or address/es, even if they are UNDP staff, UNDP shall have no obligation to respond nor can UNDP confirm that the query was officially received.

⁴ Posting on the website shall be supplemented by directly transmitting the communication to the prospective offerors.

19	D.23.3	No. of copies of Proposal that must be submitted [if transmitted by courier]	Original : 1 Copies : 2
20	D.23.1 D.23.2 D.24	Proposal Submission Address	United Nations Development Programme Logbase MINUSTAH, Clercine 18 & Tabarre Port-au-Prince, Haiti Procurement.ht@undp.org Attention : Procurement Unit
21	C.21 D.24	Deadline of Submission	Date : Thursday, February 11, 2016 Time : 12:00 Haiti time
22	D.23.2	Allowable Manner of Submitting Proposals	<ul style="list-style-type: none"> ✓ Courier/Hand Delivery ✓ Electronic submission of Proposals⁵
23	D.23.2 D.26	Conditions and Procedures for electronic submission and opening, if allowed	<ul style="list-style-type: none"> ✓ Official Address for e-submission: Procurement.ht@undp.org ✓ Free from virus and corrupted files ✓ Format : PDF files only, password protected ✓ Password <u>must</u> not be provided to UNDP until the date and time of Proposal Opening as indicated in No. 24 ✓ Max. File Size per transmission: 2 MB ✓ Max. No. of transmission : 2 ✓ No. of copies to be transmitted : 1 ✓ Mandatory subject of email : rfp/undp/hai/14/011 ✓ Virus Scanning Software to be Used prior to transmission ✓ Digital Certification/Signature Time Zone to be Recognized: <i>Haiti time</i>
24	D.23.1	Date, time and venue for opening of Proposals	By an internal committee
25	E.29.2 E.29.3 F.34	Evaluation method to be used in selecting the most responsive Proposal	<input type="checkbox"/> Lowest financial offer of technically qualified Proposals <ul style="list-style-type: none"> ✓ Combined Scoring Method, using the 70%-30% distribution for technical and financial proposals, respectively <input type="checkbox"/> Combined Scoring Method, using 60%-40% distribution for technical and financial proposals, respectively
26	C.15.1	Required Documents that must be Submitted to Establish Qualification of Proposers (In "Certified True Copy" form only)	<ul style="list-style-type: none"> ✓ Company Profile, which should <u>not</u> exceed fifteen (15) pages, including printed brochures and product catalogues relevant to the goods/services being procured ✓ Members of the Governing Board and their Designations duly certified by the Corporate Secretary, or its equivalent document if Proposer is not a corporation

⁵ If this will be allowed, security features (e.g., encryption, authentication, digital signatures, etc.) are strictly required and must be enforced to ensure confidentiality and integrity of contents.

			<ul style="list-style-type: none"> ✓ List of Shareholders and Other Entities Financially Interested in the Firm owning 5% or more of the stocks and other interests, or its equivalent if Proposer is not a corporation ✓ Tax Registration/Payment Certificate issued by the Internal Revenue Authority evidencing that the Proposer is updated with its tax payment obligations, or Certificate of Tax exemption, if any such privilege is enjoyed by the Proposer ✓ Certificate of Registration of the business, including Articles of Incorporation, or equivalent document if Proposer is not a corporation ✓ Trade name registration papers, if applicable ✓ Local Government permit to locate and operate in the current location of office or factory ✓ Official Letter of Appointment as local representative, if Proposer is submitting a Proposal in behalf of an entity located outside the country ✓ Quality Certificate (e.g., ISO, etc.) and/or other similar certificates, accreditations, awards and citations received by the Proposer, if any ✓ Environmental Compliance Certificates, Accreditations, Markings/Labels, and other evidences of the Proposer's practices which contributes to the ecological sustainability and reduction of adverse environmental impact (e.g., use of non-toxic substances, recycled raw materials, energy-efficient equipment, reduced carbon emission, etc.), either in its business practices or in the goods it manufactures ✓ Patent Registration Certificates, if any of technologies submitted in the Proposal is patented by the Proposer ✓ Latest Audited Financial Statement (Income Statement and Balance Sheet) including Auditor's Report ✓ Statement of Satisfactory Performance from the Top 3 Clients in terms of Contract Value the past 3 years ✓ List of Bank References (Name of Bank, Location, Contact Person and Contact Details) ✓ Professional Indemnity Insurance / Errors and Omission Insurance, or their equivalent ✓ All information regarding any past and current litigation during the last five (5) years, in which the Proposer is involved, indicating the parties concerned, the subject of the litigation, the amounts involved, and the final resolution if already concluded.
27		Other documents that may be Submitted to Establish Eligibility	N/A
28	C.15	Structure of the Technical Proposal (<i>only if different from the provision of Section 6</i>)	N/A
29	C.15.2	Latest Expected date for	Monday, February 22, 2016

		commencement of Contract	
30	C.15.2	Expected duration of contract (Target Commencement Date and Completion Date)	5 Weeks February 22, – March 28, 2016
31		UNDP will award the contract to:	<input checked="" type="checkbox"/> One Proposer only <input type="checkbox"/> One or more Proposers, depending on the following factors :
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	<input checked="" type="checkbox"/> Verification of accuracy, correctness and authenticity of the information provided by the Proposer on the legal, technical and financial documents submitted; <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; <input checked="" type="checkbox"/> Inquiry and reference checking with Government entities with jurisdiction on the Proposer, or any other entity that may have done business with the Proposer; <input checked="" type="checkbox"/> Inquiry and reference checking with other previous clients on the quality of performance on ongoing or previous contracts completed; <input checked="" type="checkbox"/> Physical inspection of the Proposer's plant, factory, branches or other places where business transpires, with or without notice to the Proposer; <input checked="" type="checkbox"/> Testing and sampling of completed goods similar to the requirements of UNDP, where available; and
34		Conditions for Determining Contract Affectivity	<input type="checkbox"/> NDP's receipt of Performance Security <input type="checkbox"/> NDP's receipt of Professional Indemnity Insurance <input checked="" type="checkbox"/> Others <i>Acceptance of UNDP general terms and conditions.</i>
35		Other Information Related to the RFP ⁶	<i>Language of the report: French</i> <i>Language required for Audit staff: French</i>

⁶ Where the information is available in the web, a URL for the information may simply be provided.

Summary of Technical Proposal Evaluation Forms		Score Weight	Points Obtainable
1.	Expertise of Firm / Organization	30%	300
2.	Proposed Methodology, Approach	20%	200
3.	Calendar and length of the mission	20%	200
4.	Management Structure and Key Personnel	30%	300
Total			1000

Technical Proposal Evaluation Form 1		Points obtainable
Expertise of the Firm/Organization		
1.1	Reputation of Organization and Staff / Credibility / Reliability / Industry Standing	50
1.2	General Organizational Capability which is likely to affect implementation <ul style="list-style-type: none"> - Financial stability - loose consortium, holding company or one firm - age/size of the firm - strength of project management support - project financing capacity - project management controls 	90
1.3	Extent to which any work would be subcontracted (subcontracting carries additional risks which may affect project implementation, but properly done it offers a chance to access specialised skills.)	15
1.4	Quality assurance procedures, warranty	25
1.5	Relevance of: <ul style="list-style-type: none"> - Specialised Knowledge - Good knowledge of country context Haiti and applicable legislation (e.g. fiscal legislation) - Experience on Similar Programme / Projects (e.g. Health sector) - Experience on Audits of similar programs/Projects in Haiti demonstrated through several audit engagements over the last years. - /Work for UNDP/ major multilateral/ or bilateral programmes 	120
		300

Technical Proposal Evaluation Form 2		Points Obtainable
Proposed Methodology, Approach and Implementation Plan		
2.1	To what degree does the Proposer understand the task?	30
2.2	Have the important aspects of the task been addressed in sufficient detail?	20
2.3	Are the different components of the project adequately weighted relative to one another?	20
2.4	Is the proposal based on a survey of the project environment and was this data input properly used in the preparation of the proposal?	50
2.5	Is the conceptual framework adopted appropriate for the task?	50
2.6	Is the scope of task well defined and does it correspond to the TOR?	100
2.7	Is the presentation clear and is the sequence of activities and the planning logical, realistic and promise efficient implementation to the project?	65
2.8	Do the timetable and the duration of the mission allow to meet the deadline for the submission of the draft report, discussion with the and the acceptance of the final report?	65
		400

Technical Proposal Evaluation Form 3			Points Obtainable
Management Structure and Key Personnel			
3.1	Task Manager		140
		Sub-Score	
	General Qualification	120	
	Suitability for the Project		
	- International Experience	25	
	- Training Experience	20	
	- Professional Experience in the area of specialization and also in Haiti	45	
	- Knowledge of Haiti country context and applicable country legislation demonstrated through several audit engagements in country over the last years	30	
	- Language Qualifications	20	
		140	
3.2	Senior Expert		120
		Sub-Score	
	General Qualification	100	
	Suitability for the Project		
	- International Experience	15	
	- Training Experience	15	
	- Professional Experience in the area of specialization and also in Haiti	45	
	- Knowledge of Haiti country context and applicable country legislation	25	
	- Language Qualifications	20	
		120	
3.3	Junior Expert		40
		Sub-Score	
	General Qualification	30	

	Suitability for the Project			
	- International Experience	5		
	- Training Experience	5		
	- Professional Experience in the area of specialization and also in Haiti	10		
	- Knowledge of Haiti country context and applicable country legislation	10		
	- Language Qualification		10	
			40	
	Total Part 3			300

Section 3: Terms of Reference (TOR)

1. Background information

The Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund) is an innovative public-private partnership that has played a key role in the global response to the three diseases. It is guided by the principle of performance-based funding and to date has **committed US\$22.6 billion to 150 countries** through 10 competitive funding rounds. Performance-based funding ensures that funding decisions are based on a transparent assessment of results against time-bound targets.

The Global Fund achieves its goals through a broad range of partnerships, of which its relationship with UNDP is a crucial component. UNDP leverages its extensive operational experience to support countries in effective implementation of complex, multilateral and multisectoral health projects. Some countries are not able to directly access Global Fund financing for MDG 6 efforts, particularly those in crisis or post-crisis situations, those with weak institutional capacity or governance challenges, and countries under sanctions. In these settings, UNDP is requested to act as an interim Principal Recipient (PR), working with national partners and the Global Fund to improve management, implementation and oversight of Global Fund grants, while simultaneously developing national capacity to be able to assume the PR role over time. UNDP also provides Global Fund-related management support in some other countries where a governmental entity has been assigned as PR but where a partnership with UNDP is important for effective implementation or longer-term capacity development.

As a cosponsor of UNAIDS and a member of the UNAIDS delegation to the Global Fund Board, UNDP also engages with the Global Fund on important substantive policy and programmatic issues. UNDP, in line with its core mandates, promotes the incorporation of good governance, human rights and gender initiatives into Global Fund grants. This distinctive role of UNDP was recognized in the report issued in September 2011 by an Independent High-Level Review Panel appointed by the Global Fund Board to review the organization's fiduciary controls and oversight mechanisms.⁷

The partnership was formalized in December 2003 through an Exchange of Letters between the UNDP's Associate Administrator and the Global Fund Executive Director and the partnership is further delineated in the UNDP-Global Fund Standard Terms and Conditions (STCs). Except for matters specifically agreed to in the Exchange of Letters or the Grant Agreement, UNDP uses its normal operating framework to implement Global Fund-financed projects. Article 2a of the STCs to the Grant Agreement recognizes that UNDP will administer the programme in accordance with its regulations, rules and procedures.

As of 1 October 2013, UNDP is supporting implementation by serving as interim PR in 26 countries/territories, with 53 active grants totalling approximately US\$1.6 billion.

2. UNDP grant implementation structure

When acting as interim PR, UNDP is acting as an 'Executing Agent/Implementing Partner' and using the Direct Implementation (DIM) modality assumes overall management responsibility and accountability for project implementation. UNDP operates Global Fund-financed programmes under the framework set forth in UNDP's Standard Basic Assistance Agreement (SBAA) with the host country. A Project Document/Country Programme Action Plan (CPAP) and the Annual Work Plan are agreed with the Host Government. This Project Document/CPAP constitutes the legal framework for

⁷ <http://www.theglobalfund.org/en/highlevelpanel/report/>
January 2016

the project and the Grant Agreement between UNDP and the Global Fund is annexed. UNDP must follow UNDP's Programme and Operations Policies and Procedures (POPP) when implementing Global Fund grants.⁸

UNDP's role as interim PR to Global Fund grants requires it to have the technical and operational capacity to assume the responsibility for mobilizing and applying effectively the required inputs to reach the expected outputs. On the other hand, it is expected that the implementation of the DIM modality contributes to developing national capacities. The UNDP Country Office (CO) ascertains the national capacities during the project formulation stage through a Sub-recipient assessment and on-going capacity development activities during the duration of the grant.⁹ Determining where the strengths and weaknesses are, how UNDP can assist in building new capacities using a systemic approach documented in the Capacity Development Toolkit¹⁰ and the transition plan with measureable milestones, ensuring that UNDP's intervention contributes to the development of new capacities.

UNDP may identify a 'Responsible Party', such as a Sub-recipient (SR), to carry out activities within a DIM project. The specific role of the SR in performance-based funding is that for periodic disbursements the SR provides the PR with progress updates on the implementation of those activities for which it is responsible. This may be the government, a civil society organization (CSO)¹¹ or a United Nations entity. UNDP's relationship with this SR must be agreed and defined in an SR Agreement.¹² The SR work plan, budget, calendar, disbursement schedule, description of services and performance framework form essential parts of the SR Agreement and should be attached as annexes. While the SR activities may be part of a larger programme being carried out by the SR, the work plan, budget and performance framework should only extrapolate Global Fund activities. Pursuant to Article 10(b)(2) of the STCs, UNDP's accountability encompasses the funds disbursed to SRs. Once the Grant Agreement and Project Document are signed, the Country Office will create a project in Atlas, which should conform to the standard structure of one Global Fund Grant Agreement corresponding to one Atlas Project with one Atlas Output. Each SR should be assigned an Implementing Agent (IA) code in Atlas, which facilitates budget and expense monitoring by SR.

The SRs can also enter into agreements with Sub-sub-recipients (SSRs), which are SRs of SRs. UNDP is legally accountable for any project implementation by SSRs – as it is for SRs – within Global Fund grants for which it is PR.

A key structure of the Global Fund is the Country Coordinating Mechanism (CCM), which is a mechanism in a host country, which includes representatives of the host Government, civil society, multilateral institutions and people living with, or affected by the three diseases. The core functions of the CCM include: (i) coordination of development and submission of national grant proposals; (ii) nomination of the Principal Recipient; and (iii) oversight of implementation of the approved grant and submission of requests for continued funding. Also at the country level as the Global Fund does not have a country-level presence outside of its offices in Geneva, Switzerland, it engages Local Fund Agents (LFAs) to oversee, verify and report on grant performance. The LFA's role includes: (i) assessing capacity of Principal Recipient(s) to implement a grant, reviewing proposed budgets and work plans; (ii) overseeing program performance and the accountable use of funds; and (iii) assisting the Global Fund with closure of the grant.

⁸ <http://content.undp.org/go/userguide>

⁹ See SR Management Toolkit (UNDP, September 2011). The purpose of this toolkit is to provide guidance for COs to manage and oversee SRs throughout the grant life cycle, including assessing, contracting, managing, monitoring and evaluating SRs and their activities.

¹⁰ <http://www.undp-globalfund-capacitydevelopment.org>

¹¹ The term 'CSO' includes non-governmental organizations (NGOs), community-based organizations, community groups and academic organizations.

¹² UNDP has template SR Agreements for government, NGO and UN entities.

UNDP assumed the role of interim Principal Recipient for HIV and TB grants since January 2011, following the resignation of the previous PR and subsequent to the January 2010 devastating earthquake. In its role as interim Principal Recipient, UNDP is responsible for the financial and programmatic implementation of the two grants (TB Round 9 and HIV RCC) and the coordination of all implementing partners.

These grants are managed under the Global Fund's Additional Safeguard Policy,¹³ and implemented by 13 SRs, of which 3 are Government entities (National Programme HIV, National Programme TB and the National Laboratory) and 10 are non-governmental organizations (NGOs), consisting of 2 internationals and 8 national.

UNDP also ensures timely procurement and management of commodities, efficient monitoring and evaluation and submission of quality reports to the Global Fund.

In order to ensure an effective and sustainable implementation of the grants, UNDP-Haiti set a global Fund programme management unit (PMU), which coordinates the implementation of Global Funds grants, under the leadership of the country office. For all audit financial information please see point 10. Audit Plan (page 38).

3. Office of Audit and Investigation (OAI) audits

As noted above, as a special partner of the Global Fund, UNDP: (a) operates under a different Grant Agreement and separate terms and conditions than any other PR; and (b) where UNDP serves as interim PR, it implements the programme in accordance with its regulations, rules and procedures. These principles inform a unique audit regime, which is subject to UNDP's regulations and not those of the Global Fund.

Audits of UNDP are guided by the 'Single Audit' principle, under which any review by any external authority, including any governmental authority, is precluded under the United Nations Legal Framework. This framework reaffirms the role of the United Nations Board of Auditors and the Joint Inspection Unit as external oversight bodies, and, in this regard, affirms that any external review, audit, inspection or investigation of a CO can be undertaken only by such bodies or those mandated to do so by the General Assembly. Internal audits are conducted by the Office of Audit and Investigations (OAI). OAI audits all sources of funds that are administered by UNDP, including Global Fund grant funds for which UNDP serves as interim PR.

Against this background, Article 7b of the STCs states that UNDP 'shall have financial audits conducted of Program expenses in accordance with its internal and external auditing practices.' As such, UNDP has a unique relationship with the Global Fund.

Global Fund grants are subjected to especially intensive audit scrutiny by OAI, given the difficult environments in which UNDP is asked to manage the grants and the fact that they are more risk-prone than many other UNDP projects.

Each year, OAI conducts on-site audits of all grants that fall under the Global Fund's

¹³ The Additional Safeguard Policy is a range of tools established by the Global Fund as a result of its risk management processes.

Additional Safeguard Policy,¹⁴ and a significant proportion of others in accordance with a risk-based audit cycle. In 2011, OAI carried out 11 audits of Global Fund programmes managed by UNDP, 15 more audits were completed in 2012 which covered 58 Global Fund programmes, representing 80% of estimated Global Fund expenses. In 2013, 12 more audits were completed and in 2014, 11 audits were completed. Overall, between 2009 and end of 2014 OAI will have audited 24 of 25 countries where UNDP currently acts as interim Principal Recipient.

4. SR audits

According to Article 7 d of the STCs, UNDP must submit to the Global Fund a plan for the audit of expenses and unless otherwise agreed the SRs are audited in accordance with the plan. UNDP selects an independent auditor to conduct the audit and sets the terms of reference. Audits of SRs' activities are carried out to provide assurance to UNDP senior management and the Global Fund that resources are being used effectively and efficiently for the purposes intended and in accordance with Grant Agreement. UNDP provides copies of the SR audit reports to the Global Fund.

UNDP's audit of SRs only covers government and CSO SRs. Please note: UN entities are audited under their own audit arrangement, following the 'Single Audit' principle and are not covered by UNDP's audit regime.

4.1 A global approach to SR audits

UNDP engages audit firms at Country Office level in the framework of agreements to undertake all SR audits as determined on an annual basis and as per the audit plans pre-established by the Country Office and validated by OAI.

OAI, based on SR audit plans provided by the COs, shall validate a global audit plan of SRs (for example, level of expenses to be audited by country). This plan shall be communicated to the audit firms no later than end of February each year through a transparent and open procurement process and the selected firm will sign a contract with UNDP.

The audit firms are briefed and trained on UNDP's SRs audit requirements and policies by UNDP's COs and/or Programme Management Units (PMU).

SR audits are performed based on the Combined Delivery Report (CDR), a report of auditable expenses in the transaction currency drawn from Atlas, UNDP's financial management system.¹⁵ Audit firms are required to submit a draft audit report by 1 April and a final signed audit report with signed UNDP statements no later than 15 April.

4.2 Available facilities and right of access

The auditor will be granted full and complete access during office hours to all records and documents (including books of account, legal agreements, minutes of committee meetings, bank records, invoices and contracts etc.) and all employees of the SR. The auditor will have a right of access to banks, consultants, contractors (including SSRs) and other persons or firms engaged by the SR management. If an auditor should not have unrestricted access to any records, documents, person or location during the course of the audit, he/she should contact the UNDP CO and/or PMU. If the issue is not resolved, this restriction should be clearly defined, with reasons, in the audit

¹⁴ The Global Fund applies the Additional Safeguards Policy when it is decided that the proposed PR is operating in a constrained environment, one in which the Global Fund has significant concerns about, governance, the lack of a transparent process for identifying a broad range of implementing partners, corruption, and/or widespread lack of accountability.

¹⁵ Atlas Guidelines for GF Programmes (UNDP, 2008 as amended) will be provided to selected vendors

report.

4.3 Consultations with Concerned Parties

Prior to the start of audit work the auditor will be required to consult with the UNDP CO, PMU, and the SRs to be audited. Further, midway through the audit work and upon completion of the draft audit report and management letter, the auditor will be required to meet with the UNDP CO, PMU and the SR to debrief them on its major findings from the audit and its recommendations for future improvements as well as to seek their feedback.

5. Financial audit

5.1 Standards for the Financial Audit

The Financial Audit will be conducted in accordance with the International Standards on Auditing (ISA). The auditor is required to state in the audit report if the audit was not in conformity with the ISA and indicate the alternative standards or procedures followed.

Following the ISA 450 and ISA 710, there is a requirement regarding a previous year modified audit opinion.¹⁶ This audit standard requires that auditors, when expressing an opinion on this year's statements, take into account the possible effect of a prior year modified opinion that has not been properly corrected or resolved (see Annex 4).

5.2 Scope of the engagement

The first deliverable is a Financial Audit to express an opinion on the SR's financial statements¹⁷ that includes:

- A. Expressing an opinion on whether the statement of expenses presents fairly the expenses incurred by the audited SR from 1 January to 31 December in accordance with UNDP accounting policies and that the expenses incurred were: (i) in conformity with the approved budget; (ii) for the approved purposes of the SR agreement; (iii) in compliance with the relevant regulations and rules, policies and procedures of the government or/and UNDP; and (iv) supported by properly approved vouchers and other supporting documents. The CDR is the mandatory and official statement of expenses to be certified. Other forms of statement of expenses that may be prepared by a project office are not accepted.
- B. Expressing an opinion on whether the statement of expenses agrees or reconciles with the information reported to GF i.e. Progress Updates and Enhanced Financial Reports
- C. Expressing an opinion on whether the statement of cash position held by the audited SR presents fairly the cash and bank balance of the Sub-recipient as at 31 December. The audit firm is required to express an opinion on the statement of cash Position **only** where a dedicated bank account for the audited SR activities has been established. Where the SR does not hold any cash, this should be disclosed in the audit report.
- D. Expressing an opinion on whether the statement of assets and equipment present fairly the balance of inventory of the SR as at a given date. This statement must include all assets and equipment

¹⁶ A 'modified' audit opinion means a qualified opinion, a disclaimer opinion or an adverse opinion.

¹⁷ Financial statements of a UNDP project include: the statement of expenditure or CDR with related annexes as well as, where applicable, the statement of assets and equipment and the statement of cash position.

available as at 31 December and not only those purchased in a given period. Where the audited SR does not have any assets or equipment, it will not be necessary to express such an opinion; however this should be disclosed in the audit report.

- The auditor is required to, as applicable, report in monetary value, the Net Financial Impact of any modified audit opinion (modified opinions can be qualified, adverse or disclaimer) on the statement of expenses (CDR) where applicable.
- The auditor is required to submit a draft audit report by 1 April and a final signed audit report with signed UNDP statements no later than 15 April.
- The auditor is also required to verify the mathematical accuracy of the CDR by ensuring that the expenses described in the supporting documentation (the quarterly financial reports, the list of direct payments processed by UNDP at the SR's request) are reconciled to the expenses, by disbursing source, in the CDR.
- The auditor should also verify that all income derived from the Global Fund grant funds disbursed by UNDP are only spent on SR activities as per the Grant Agreement.
- As per the model SR Agreement, the SR has an obligation to report other donor funds targeting similar activities or objectives as the SR activities. The auditors will need to audit the accuracy and completeness of the information.

5.2.1 Description of financial reports (UNDP CDR) to be audited

The report to be audited is referred to as the Combined Delivery Report (CDR). It is prepared by UNDP, using Atlas, UNDP's financial management system and the CDR serves as the official financial statement that must be certified by the auditors. The SR's financial statements, if certified, must reconcile to the expenses appearing in the CDR and must be attached to the audit report. As described in more detail below, the CDR combines expenses from three disbursement sources for a calendar year. Each column may have expenses for a number of SRs and the CDR will not segregate expenses by SR. In practice, some SRs may not sign the CDR which will include expenses for which their organization is responsible for and the practice is to include a supporting statement of expenses for each SR showing the SR expenses and direct payments /reimbursements. This supporting statement is signed by the SR and UNDP Resident Representative.

The scope of the audit is limited to the SR's expenses, which are defined as including: (i) all disbursements listed in the quarterly financial reports submitted by the SR; and (ii) direct payments processed by UNDP at the request of the SR and reimbursements to the SR.

The auditor is required to state in the audit report the amount of expenses excluded from the scope of the audit because they were made by UNDP by means of direct payments and the amount of total expenses excluded because they were made by a UN entity. This scope limitation is not a valid reason for the auditors to issue a qualified audit opinion on the CDR.

The three disbursement sources include:

1. SR (either government entity or CSO)

UNDP procedures require that where funds are advanced to the SR, it must submit to the UNDP CO, on a quarterly basis, a financial report including: (i) the status of the advance; (ii) a list of the disbursements made since the previous financial report; and (iii) a request for a new advance. The UNDP CO enters the disbursements in Atlas through the year as the financial reports are received. These SR disbursements are recorded in the *Government*

expenses column in the CDR.

2. *UNDP (headquarters and CO)*

Disbursements made by UNDP from its own bank accounts are entered in Atlas by the UNDP CO. These UNDP disbursements are recorded in the *UNDP expenses* column in the CDR. These disbursements may be classified as either *direct payments*, *reimbursement* or *direct implementation*. This distinction, while very important for audit purposes, is not apparent from the CDR and can only be provided by the UNDP CO as a supporting schedule.

- A brief description of each category is provided below.
 - a) *Direct payments*: This is where the SR is responsible for the expenses but requested UNDP to effect payment to the vendor/consultant/personnel on its behalf. The SR is accountable for the disbursement and maintains all supporting documentation. UNDP simply effects payments on the basis of properly authorised requests and gives the SR a copy of the related disbursement voucher as evidence that payment was made.
 - b) *Reimbursement*: This is where UNDP pays the SR after the SR has itself made the disbursement for eligible expenses under the SR agreement.
 - c) *Direct implementation by UNDP*: These are expenses directly incurred by UNDP on behalf of the programme through direct implementation. UNDP is fully responsible and accountable for these expenses and, accordingly, maintains all supporting documentation for the disbursement. These expenses is outside the scope of audit and, therefore, will not be reviewed by the auditors. This scope limitation should not be used as a reason for issuing a qualified audit opinion on the CDR.

3. *UN entities*

UN entities acting as UNDP SR report their expenses to UNDP and to the government. The UNDP CO enters the expenses in Atlas. These UN entity expenses are recorded in the *UN Entities expenses* column in the CDR. As detailed in the section on SR Audits above, this expense is outside the scope of audit.

5.2.2 Documents provided for the audit

At the end of the year, after receiving the fourth quarter financial report from the SR, UNDP prepares the CDR and submits it to the SR for signature. UNDP will provide the auditor with the signed CDR together with the following supporting documentation:

1. Quarterly financial reports submitted by the SR.
2. A list of direct payments processed by UNDP at the request of the SR.
3. A list of disbursements made by UNDP as part of support services provided to the SR.
4. Relevant financial reports that show expenses of Global Fund SR for the year which need to be reconciled to the CDR expenses.
5. Relevant financial reports that show expenses of UNDP CO support.
6. Prior year SR audit reports, when available.

5.3 Deliverable

The audit report on the Sub-recipient's financial statements should include:

- Expression of an opinion on whether the statement of expenses presents fairly the expenses incurred by the SR over a specified period in accordance with UNDP accounting policies and that the expenses incurred were: (i) in conformity with the approved budgets; (ii) for the approved purposes of the SR agreement; (iii) in compliance with the relevant regulations and rules, policies and procedures of the government or/and UNDP; and (iv) supported by properly approved vouchers and other supporting documents. The CDR is the mandatory and official statement of expenses to be certified and should annex the statement of expenses for the SR.
 - Expression of an opinion on whether the statement of expenses agrees or reconciles with the information reported to GF i.e. Progress Updates and Enhanced Financial Reports
- Whether the result of the prior year's audits resulting in modified audit opinions on the UNDP CDR had conclusive actions to properly address an audit qualification in the previous year's audit and the related Net Financial Impact (NFI). If there is a lack of conclusive actions, the auditors must take into account the possible effect of a prior year modified opinion that has not been properly corrected or resolved. For the 2015 audit, at least 2012, 2013 and 2014 audit results are required to be taken into consideration.

The audit report should clearly indicate the auditor's opinion (Refer to Annex 2 for a sample Audit Report). This would include at least the following:

- the audit standards that were applied (ISA or national standards that comply with one of the ISA in all material respects);
- the period covered by the audit opinion;
- the amount of expenses audited;
- the amount of the NFI of the modified audit opinion on the CDR, if modified;
- the reason(s) for issuing a modified audit opinion, qualified, adverse or disclaimer opinion (the reasons **must** also be included in the management letter (see the section on the Audit of Internal Control and Systems below) as an audit observation(s));
- the scope limitation (description and value) for those transactions that are the responsibility of UNDP (as part of direct CO support services to national implementation) or a UN entity. **Important to note:** such scope limitation should not be a reason for a qualified audit opinion, as such transactions would be, in general, excluded from the audit scope;
- whether the UNDP CDR for the period from 1 January to 31 December is adequately and fairly presented and whether the disbursements are made in accordance with the purpose for which funds have been allocated to the SR.

Note: Consequently, a previous year modified opinion that has not been properly resolved may cause the auditors to issue a modified opinion in their current year audit report. If proper attention is not paid to this aspect, the risk could be a significant accumulation of unresolved modified opinions from previous years.

- Expression of an opinion on the value and existence of the SR's statement of assets and equipment as at a given date. This statement must include all assets and equipment available as at 31 December and not only those purchased in a given period. Where the SR does not have any assets or equipment, it will not be necessary to express such an opinion; however, this should be disclosed in the audit report; and
- Expression of an opinion on the value and existence of the cash held by the SR as at a given date, i.e. 31 December. The auditor is required to express an opinion on the Statement of Cash position where a dedicated bank account for the SR has been established and/or the SR holds petty cash. Where the SR does not hold any cash, this should be disclosed in the audit report.

6. Audit of internal control and systems

The second deliverable is an audit to assess and express an opinion on the SR's internal controls and systems. The deliverable will be a long-form management letter that covers the internal control weaknesses identified and the audit recommendations to address them.

6.1 Standards for the Audit of Internal Control and Systems

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

The auditor is required to conduct a general assessment of internal controls according to established internal control standards. An example of established internal control standards is available from the Organization of Supreme Audit Institutions (INTOSAI). The INTOSAI standards are intended for use by government/managers as a framework to establish effective internal control structures.

The scope of audit services shall be in accordance with ISA and cover the overall management of the implementation, monitoring and supervision of the SR's activities. The audit work should include the review of work plans, progress reports, SR resources, SR budgets, SR expenses, SR delivery, recruitment, operational and financial closing of SR activities (if applicable) and disposal or transfer of assets. To this effect, the scope of the audit shall cover the areas below as they are performed at the level of the SR.

6.2 Scope of the Engagement

The auditor shall conduct the necessary audit steps to cover the SR's internal controls and systems in order to assess:

- a. the reliability and integrity of SR financial and operational information;
- b. the effectiveness and efficiency of SR operations in carrying out SR activities;
- c. safeguarding of assets procured with Global Fund grant funds; and

- d. compliance with applicable laws, regulations and rules, policies and procedures, as well as the SR's agreements.

Specifically the auditor shall assess the internal controls with regard to the audited SR in the following areas:

- a. **Organization and staffing:** Assess the overall structure SR activities for effective work flows and management arrangements, including assignment of authority, accountability and responsibility to staff.
- b. **SR activities management:** Review expenses made by the SR and assess whether they are in accordance with the SR agreement, including the work plan and budget, and are in compliance with the UNDP POPP on Results Management; assess the management aspects in terms of financial management of grant funds and monitoring of implementation towards achieving deliverables set out in the work plan. This includes timely and accurate reporting to UNDP and to the Global Fund's Local Fund Agent (LFA). It should cover the programmatic oversight of the grants including management of SSRs when applicable. The model SR agreement regulates the engagement of SSRs and the SR must meet several conditions before the SSR can be involved. These conditions include positive capacity assessment by the SR and prior written approval by UNDP. The SR must also put in place a system to monitor performance must also be put in place by the Sub-recipient. Importantly, the Sub-recipient remains fully responsible for all the acts and omissions of the SSR as if they were the acts and omissions of the SR itself. Furthermore, any contract concluded with the SSR must comply with the terms of the SR agreement.
- c. **Review of SR activities' progress:** As part of the general review of the activities' progress, specific steps could include the following:
 - Review annual and quarterly work plans, quarterly and annual financial reports, and requests for direct payments. Assess the foregoing in terms of their timeliness and their compliance with the SR agreement, including the work plan and budget, and the UNDP Programme Operations Policies and Procedures (POPP) on Results Management.
 - Review the quarterly and annual programmatic reports and assess them in terms of compliance with UNDP guidelines and whether the SR met its responsibilities for monitoring described in the SR agreement, including the work plan and budget.
 - Review whether the SR has followed the decisions and/or recommendations of the above activities.
 - Review the pace of SR activities progress and comment on the causes for any delays.
- d. **Human resources:** Review the process for recruiting SR personnel and consultants and assess whether it was transparent and competitive. The audit work shall cover the competitiveness, transparency and effectiveness of the recruitment and hiring of personnel and include contract administration, performance appraisal, attendance control, calculation of salaries and entitlements, payroll preparation and payment, and management of personnel records. In the case of payment of performance-related financial incentives (per diem), the way the incentives were distributed should be verified.
- e. **Finance:** Review the SR's accounting records and assess their adequacy for maintaining accurate and complete records of receipts and disbursements of cash and for supporting the

preparation of the quarterly financial report; review the records of requests for direct payments and ensure that they were signed by authorised SR officials. The audit work shall cover the adequacy of the accounting and financial operations and reporting systems. These include budget control, cash management, certification and approving authority, receipt of funds, commitment of expenses against approved budget and disbursement of funds, recording of all financial transactions in expenses reports, records maintenance and control, cash advances to field offices, SR's staff etc.

- f. **Cash management:** The audit work shall cover all cash funds held by the Sub-recipient (including bank accounts) and review procedures for safeguarding of cash including cash held as advances or imprest in any sub-office or field office. Special attention should be given to petty cash, transactions is cash.
- g. **Procurement:** Review the process for procurement/contracting activities of the SR and assess whether it was transparent, competitive and effective; and ensure that the equipment and services purchased meet the requirements of the SR agreement and include the following:
 - As applicable, delegations of authorities, procurement thresholds, call for bids and proposals, evaluation of bids and proposals and approval/signature of contracts and purchase orders.
 - Management of obligations, receiving and inspection procedures to determine the conformity of equipment with the agreed specifications and, when applicable, the use of independent experts to inspect the delivery of highly technical and expensive equipment.
 - Monitoring of the performance of the contractors.
 - Evaluation of the procedures established to mitigate the risk of purchasing equipment that does not meet specifications or if later proven to be defective.
 - Management and control over the variation orders.

The audit work in the area of procurement shall also cover the use of consulting firms and the adequacy of procedures to obtain fully qualified and experienced personnel and assessment of their work before final payment is made.

- h. **Asset management/ inventory:** Review the use, control and disposal of non-expendable equipment and assess whether it complies with the UNDP POPP on Results Management; also assess whether the equipment procured met the identified needs and whether its use was in line with intended purposes. The audit work shall cover equipment (typically vehicles and office equipment) purchased for use by the project. The procedures for receipt, storage and disposal shall also be reviewed. The audit should assess whether assets procured with grant funds are adequately recorded, safeguarded (including insurance) and monitored, including periodic physical verification of their use and existence. This should include checking maintenance schedules and costs (e. g. vehicles, laboratory equipment etc.).
- i. **Warehouse management and the distribution system of pharmaceutical and non-pharmaceutical drugs:** The audit work shall cover warehouse management in accordance to

World Health Organization (WHO) standards and the distribution system of pharmaceutical and non-pharmaceutical drugs according to the approved distribution plan.

- j. **Information systems:** Assess the efficiency and security of the information systems established and maintained from grant funds and their adequacy to meet the management and reporting requirements of the project; assess if the segregation of duties, as described in the management manual, is respected in the access to approvals in the financial information systems.
- k. **General administration:** This includes areas of operations not specifically covered above and for which expenses are charged to the project covering areas such as travel by SR personnel, use and maintenance of project vehicles, lease and maintenance of office premises.
- l. **Follow-up on previous audits:** To the extent feasible, the audit should assess the status of implementation of the previous audits' recommendations done **within the last three years** for the SR.

The audit firm shall clearly confirm in its report that it has audited all the above areas.

6.2.1 Potential risks

The auditor is expected to pro-actively identify any potential risks, including fraud risks, related to the SR's responsibilities and expected results by considering issues such as:

- the nature of the grant (e.g. size of the grant, proportion of procurement/training to the overall budget, geographical coverage of proposed interventions);
- the type of SR (government or CSO);
- the SR's track record and current capacity;
- funds flow and control environment to safeguard grant assets;
- the implementation environment/country context (e.g. governance, national legislation, political stability) and other relevant facts and circumstances;
- previously identified material risks or fraud by OAI, the Global Fund's Office of Inspector General, LFA and/or other donors;
- the proposed implementation arrangements (e.g. direct payments, number of SSRs, etc.); and
- identifying risk of fraud in each of the functional areas. These areas may include the SR's internal control mechanisms, procurement, training activities, payroll, planned cash payments, warehouse management and distribution system, financial and programmatic oversight and management including SSRs.

In the financial audit, the auditor should be vigilant on the risk of forged supporting documentation.

Note: Audit opinions must be one of the following: (a) unmodified; (b) qualified; (c) adverse; or (d) disclaimer. If the audit opinion is other than "unmodified", the audit report **must** describe both the nature and amount of the possible effects on the financial statements. The report should also make a reference to the section of the management letter with regard to the related audit observation number and the action taken or planned to be taken to address and conclusively correct the issues underlying the qualification. A definition of audit opinions is provided in Annex 3.

6.3 Deliverable

The deliverable will be a long-form management letter signed and stamped by the audit firm, containing a detailed assessment of each audit area and that captures the audit issues and recommendations. The presentation of audit issues should be made in accordance with the following structure:

- **Issue title:** 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 auditor used in making an evaluation and/or verification); the condition (i.e. 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. Also, the auditor may wish to comment on 'good practices' (if any) developed by the SR that should be shared with other project personnel.
 - **Priority:** State the priority of recommendation as High (Critical) or Medium (Important), in accordance with the definition of priority in Annex 6 to this Attachment.
 - **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. Recommendations should be directed to a specific entity so that there is no confusion regarding who is responsible for implementation.
 - **Management comments:** Incorporate management's written response to the audit findings and recommendations.
 - **Auditor's response:** If management agrees with the recommendation, there is no need for a response. When management 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.

6.3.1 Audit area

Each audit area must be rated individually, and an overall audit opinion must also be given covering the following topics/issues:

- a general review of the SR's progress and timeliness in relation to targets and deliverables, and the planned completion date, both of which should be stated in the SR agreement, including the work plan and budget. This is not intended to address whether there has been compliance with specific covenants relating to specific performance criteria or outputs. However, general compliance with broad covenants such as implementing SR activities with economy and efficiency might be commented upon but not with the legal force of an audit opinion;
- an assessment of the SR's internal control system with equal emphasis on: (i) the effectiveness of the system in providing SR management with useful and timely information for the proper management of its activities; and (ii) the general effectiveness of the internal control system in protecting the assets and resources funded through the grant;
- a description of any specific internal control weaknesses noted in the SR's financial management, and the audit procedures followed to address or compensate for the

weaknesses. Recommendations to resolve/eliminate the internal control weaknesses noted should be included; and

- risks of fraud identified, if any.

7. Consolidated report

The third deliverable consists of a consolidated report at the country level.

In addition to the individual audit reports on the SR's expenses and internal controls, the audit firm will prepare a country report, highlighting the results of the financial audits (NFI, audit opinions) and the critical and recurrent observations of the individual audit reports; significant weaknesses in internal control and areas, or risks to be addressed at the Headquarter level, recurring issues, aggregate qualification amount and NFI, etc.

In case ineligible expenditure have been identified, the country report shall include a summary table including any expenditure that have been identified as not eligible under the GF grant agreement requirements.

8- Audit timelines:

Date	Activity
22/02/2016	Signing of the contract
13/02/2016	Beginning of the audit field work
05/03/2016	Submission of the draft Audit reports to the PR and SRs
21/03/2016	Submission of management comments on the draft reports
28/03/2016	Submission final audit reports

10- Audit plan

Financial Year 2014 Sub-Recipient Audit Plan
UNDP Haiti acting as Principal Recipient for the Global Fund
grant High Risk USD 300,000

(In Annex, excel file)

Annex 1: Glossary of terms

DIM: When acting as Principal Recipient, UNDP shall implement project activities under Direct Implementation (DIM). This means that UNDP will be acting as the Implementing Partner of the project. Nevertheless, please note that the former terminology, Direct Execution (DEX), is still used in non-harmonized countries which do not have a Country Programme Action Plan (CPAP).

Grant Agreement: The Grant Agreement is the formal legal financing agreement between UNDP (through the relevant Country Office) and the Global Fund. It includes: 9i) Face Sheet; 9ii) UNDP–Global Fund Standard Terms and Conditions (specifically for UNDP as Principal Recipient); and 9iii) Annex A (Conditions Precedent and Special Terms and Conditions to be agreed by both parties), Summary Budget and Performance Framework.

Implementing Partner: The implementing partner is the entity entrusted with the implementation of the project which assumes full responsibility and accountability for the effective use of the project resources and the delivery of the project outputs. In these Terms of Reference, the term 9 refers to UNDP.

Local Fund Agent (LFA): In keeping with its aim to promote country ownership and to maintain a lean organizational structure, the Global Fund does not have offices in the countries/territories that receive Global Fund financing. Instead, it relies on contracted entities, selected through a competitive bidding process, to serve as LFAs. The LFA is a crucial part of the Global Fund's system of oversight and risk management, providing independent, professional information and recommendations that enable the Global Fund to make informed funding decisions at each stage of the grant life cycle. Typically, the Global Fund contracts with one LFA in each country receiving Global Fund resources.

Principal Recipient (PR): This is the Global Fund term for the entity contracted to implement a Global Fund grant. The PR is responsible for programme results and legally accountable to the Global Fund. In this toolkit, 'Principal Recipient' or 'PR', means UNDP (through the relevant Country Office).

Project Document: UNDP operates Global Fund-financed programmes under the framework set forth in UNDP's Standard Basic Assistance Agreement (SBAA) with the host country. A Project Document must be formulated and approved by all parties involved. In these Terms of Reference, the Project Document articulates in detail how UNDP intends to implement a Global Fund grant, and the strategy, expected results, costs, etc. involved.

Project Management Unit (PMU): This is a UNDP unit designated to implement Global Fund grants in the country and manage Sub-recipient Agreements. The PMU is headed up by the PMU Manager (who reports to the UNDP Country Director or his/her designee) and is supported by several specialists. In some countries, the PMU is called the Grant Implementation Unit (GIU).

Responsible party: An entity that has been selected to act on behalf of the Implementing Partner on the basis of a written agreement or contract to purchase goods, provide services or carry out activities using the project budget is considered a responsible party. This, therefore, includes contractors and Sub-recipients. All responsible parties are directly accountable to the Implementing Partner in accordance with the terms of their agreement or contract with the Implementing Partner.

Sub-recipient (SR): The Grant Agreement defines a Sub-recipient (SR) as an organization/entity to which UNDP provides funding for the implementation of certain activities within a Global Fund programme. SRs may be government entities, United Nations entities, and civil society organizations (CSO), including non-governmental organizations (NGOs), community-based organizations (CBOs), community groups or

academic organizations. In these Terms of Reference, consistent with UNDP terminology, the term responsible party refers to SRs.

Sub-sub-recipient (SSR): Sub-sub-recipients are Sub-recipients of Sub-recipients. UNDP is legally accountable for any project implementation by SSRs – as it is for Sub-recipients – within Global Fund grants for which it is Principal Recipient.

Sub-recipient (SR) Agreement: This is an agreement between UNDP and an SR to implement Global Fund programme activities. Standard templates are available for SR Agreements for governments, CSOs and United Nations entities (e.g., UNICEF, UNFPA, and WHO).

UNDP Country Office (CO): The UNDP Country Office is the official UNDP representation at the country level. The head of the CO or a person to which the signature authority is delegated signs the Grant Agreement and SR Agreements on behalf of UNDP. The CO is responsible for grant implementation and supervises the management of the SRs.

UNDP headquarters (UNDP HQ): In these Terms of Reference, UNDP HQ refers to any UNDP corporate-level unit, regardless of physical location.

Annex 2: Sample audit report

Auditor's report to:

The Resident Representative

Format for financial certifications

I. Sample certification for statement of expenditure

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

We have audited the accompanying Statement of expenditure ("the statement") of [insert name of entity] (the Sub-recipient), engaged by UNDP under the agreement dated [insert date of SR agreement] (the "SR Agreement"), in connection with the project [insert award and project number(s)], [insert official title of project] for the period [insert period covered].

Management of the Sub-recipient is responsible for the preparation of the statement for the Sub-recipient's activities 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 (ISA). 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 Sub-recipient'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 statement of expenditure presents fairly, in all material respects, the expenditure of [insert amount in US\$] incurred by the Sub-recipient under the SR Agreement for the period [insert period covered] in accordance with agreed upon accounting policies [if needed add: and the note to the statement] and were: (i) in conformity with the approved budgets; (ii) for the approved purposes of the SR Agreement; (iii) in compliance with the relevant UNDP regulations and rules, policies and procedures; 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 statement of expenditure, 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 expenditure of [insert amount in US\$] incurred by the Sub-recipient under the SR Agreement 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 Sub-recipient under the SR Agreement for the period [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 Sub-recipient under the SR Agreement and audited by us for the period [insert period covered].

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

We draw attention to Note [insert number] to the statement of expenditure which describes the uncertainty related to the [insert the issue]. 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 assets, including equipment (Refer to ISA 700)

We have audited the accompanying statement of assets ("the statement") of [insert name of entity] (the "Sub-recipient"), engaged by UNDP under the agreement dated [insert date of SR agreement] (the "SR Agreement"), in connection with the project [insert award and project number(s)], [insert official title of project], as at [insert date].

Management of the Sub-recipient is responsible for the preparation of the statement for the Sub-recipient's activities 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 International Standards on Auditing (ISA). 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 Sub-recipient'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 Sub-recipient under the SR Agreement amounting to [insert amount in \$US] as at [insert date], in accordance with UNDP accounting policies [if needed add: set out in the note to the schedule].

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 Sub-recipient under the SR Agreement as at [insert date], in accordance with agreed upon accounting policies [if needed add: set out in the note to the schedule].

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 Sub-recipient under the SR Agreement and audited by us as at [insert date].

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 Sub-recipient under the SR Agreement and audited by us as at [insert date].

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

We draw attention to Note [insert number] to the statement of assets which describes the uncertainty related to the [insert the issue]. Our opinion is not qualified in respect of this matter.

Auditor's signature

Date of the auditor's report

Auditor's address

III. Sample certification of statement of cash position (statement of cash position is required only if there is a separate bank account for each of the projects and/or petty cash) (Refer to ISA 700)

We have audited the accompanying statement of cash ("the statement") of [insert name of entity] (the "Sub-recipient"), engaged by UNDP under the agreement dated [insert date of SR agreement] (the "SR Agreement"), in connection with the project [insert award and project number(s)], [insert

official title of project], as at [insert date].

Management of the Sub-recipient is responsible for the preparation of the statement for the Sub-recipient's activities and for such internal control as management determines is necessary to enable the preparation of a schedule 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 (ISA). 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 Sub-recipient'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 position presents fairly, in all material respects, the cash and bank balance of the Sub-recipient under the SR Agreement, amounting to [insert amount in \$US] as at [insert date] in accordance with the 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 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 [insert date] in accordance with the 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 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 [insert date].

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 [insert date].

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

We draw attention to Note [insert number] to the statement of cash which describes the uncertainty related to [give explanation of the uncertainty]. Our opinion is not qualified in respect of this matter.

Auditor's signature

Date of the auditor's report

Auditor's address

Date of issue: _____

AUDITOR'S NAME (Please print): _____

AUDITOR'S SIGNATURE: _____

STAMP AND SEAL OF AUDIT FIRM: _____

AUDIT FIRM ADDRESS: _____

AUDIT FIRM TEL. NO. _____

Note: Audit opinions must be one of the following: (a) qualified, (b) unqualified, (c) adverse, or (d) disclaimer. If the audit opinion is other than 'unqualified', the audit report must describe both the nature and amount of the possible effects on the UNDP financial statement (CDR) (Amount of qualification/**Net Financial Impact**). A definition of audit opinions is provided in Annex 3.

Annex 3: Definition of audit opinions

Unqualified (clean or positive) opinion

An unqualified opinion should be expressed when the auditor concludes that the financial statements give a true and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting framework.

Qualified opinion – a modified (negative) audit opinion

A qualified opinion should be expressed when the auditor concludes that an unqualified opinion cannot be expressed but that the effect of any disagreement with management, or limitation on scope is not so material and pervasive as to require an adverse opinion or a disclaimer of opinion. A qualified opinion should be expressed as being 'except for' the effects of the matter to which the qualification relates.

Disclaimer of opinion – a modified (negative) audit opinion

A disclaimer of opinion should be expressed when the possible effect of a limitation on scope is so material and pervasive that the auditor has not been able to obtain sufficient appropriate audit evidence and, accordingly, is unable to express an opinion on the financial statements.

Adverse – a modified (negative) audit opinion

An adverse opinion is expressed by an auditor when the financial statements are significantly misrepresented, misstated and do not accurately reflect the expenditure incurred and reported in the financial statements (**UNDP CDR**, statement of cash, statement of assets and equipment).

An adverse opinion is expressed when the effect of a disagreement is so material and pervasive to the financial statements that the auditor concludes that a qualification of the report is not adequate to disclose the misleading or incomplete nature of the financial statements.

Annex 4: International Standards on Auditing (ISA) 450 and 710

Guidance on Reporting Prior Year Modified opinion not corrected

Following the International Standards on Auditing (ISA) 450 and ISA 710 that came into effect on December 2010 there is a new requirement regarding a previous year modified audit opinion¹⁸ This audit standard requires that auditors, when expressing an opinion on this year's statements, take into account the possible effect of a prior year modified opinion that has not been properly corrected or resolved.

Consequently, a previous year modified opinion that has not been properly resolved may cause the auditors to issue a modified opinion in their current year audit report. If proper attention is not paid to this aspect, the risk could be a significant accumulation of unresolved modified opinions from previous years that would lead the UN Board of Auditors to issue a modified audit opinion on UNDP financial statements.

¹⁸ A 'modified' audit opinion means either a qualified opinion, a disclaimer opinion or an adverse opinion.
January 2016

Annex 5: SAS 220 – guidance on audit materiality

Below are some highlights from the Statement of Auditing Standards (SAS) 220 – Audit Materiality. These are meant to provide guidance to the auditors in determining the materiality of observations for reporting purposes and as they might affect the audit opinion. The auditors should refer to SAS 220 for more details.

The purpose of the SAS is to establish standards and provide guidance on the concept of materiality and its relationship with audit risk.

Auditors should consider materiality and its relationship with audit risk when conducting an audit (SAS 220.1).

A matter is material if knowledge of the matter would reasonably influence the economic decisions of users taken on the basis of the financial statements. Materiality may be considered in the context of the financial statements as a whole, any individual statements within the financial statements or individual items included within the financial statements.

Materiality depends on the nature and size of the item or error judged in the particular circumstances. Since materiality has both qualitative and quantitative aspects, it is not capable of any general mathematical definition.

Auditors should plan and perform the audit so as to provide them with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement and give a true and fair view (SAS 220.2).

The assessment of what is material is a matter of professional judgement.

Auditors would consider the possibility of misstatements of relatively small amounts that, cumulatively, could have a material effect on the financial statements. For example, an error in a month end procedure could be an indication of a potential material misstatement if that error is repeated each month.

In evaluating the fair presentation of the financial statements, auditors should assess whether the aggregate of uncorrected misstatements that have been identified during the audit is material (SAS 220.4).

Annex 6: Guidance on formulating audit observations

Parts of the note that follows are from an article in the *Internal Auditor*, April, 1999 by Brian M. Schwartz. The purpose of this note is to provide guidance on formulating effective audit observations and recommendations.

Effective audit observations should consist of 5 common elements:

- 1) condition;
- 2) criteria;
- 3) cause;
- 4) effect, potential impact or risk; and
- 5) recommendation.

Items 1 to 4 must be part of what constitutes an audit observation. Below are helpful tips on each of these areas.

Condition

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

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

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

Criteria

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

Cause

As the name suggests, the cause statement explains why the identified problem occurred in the first place. The cause is probably the most critical attribute of the finding form. Without determining why the

condition occurred, the situation cannot be properly remedied.

In documenting the cause, the auditor should identify the underlying reason behind the problem. A surface explanation that fails to uncover the root cause will not lead to an effective recommendation.

In addition, a quote from an appropriate individual could serve as the cause statement, i.e. why the condition has occurred. Some audit managers consider only a cause statement from management as appropriate, while others prefer a statement from the individual who actually performs the respective task. It is usually preferred to obtain both points of view, since such an approach is more likely to identify the root cause of the problem.

Possible causes

In addition to explaining and giving details about the 'Cause' in the text of an audit observation, UNDP requires that the auditor also summarizes the cause statement in the audit report by using one of the following nine pre-established cause statements:

1. Lack of/or inadequate policies/procedures/guidelines
2. Lack of/or inadequate guidance/supervision at the project level
3. Inadequate guidance/monitoring at UNDP CO level
4. Lack of/or insufficient resources (specify: financial, human or, technical resources)
5. Inadequate planning
6. Inadequate training
7. Human error
8. Intentional overriding of internal controls
9. Inadequate management structure

Effect, potential impact or risk

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

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

One note of caution is in order: the risk suggested by the effect statement should not be overblown or exaggerated. While auditors are responsible for pointing out risks associated with control breakdowns, the effect statement should remain reasonable and plausible and should not be worded as if the world were coming to an end. If auditees are to take the audit observation seriously and respect what an auditor has to say, an auditor must talk about risk in realistic, not exaggerated, terms.

Risk levels

In addition to explaining the and giving details about the 'effect, potential impact or risk' in the text of an audit observation, UNDP requires that the auditor also identifies the risk level in the audit report by

using one of the following three pre-established risk levels:

High	Action that is considered imperative to ensure that UNDP is not exposed to high risks (i.e. failure to take action could result in major consequences and issues)
Medium	Action that is considered necessary to avoid exposure to significant risks (i.e. failure to take action could result in significant consequences).
Low	Action that is considered desirable and should result in enhanced control or better value for money

Recommendation

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

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

- Does the recommendation solve the problem and eliminate or reduce the risk?
- Can the recommendation be implemented within the current environment?
- Is the recommendation cost-effective?
- Will the recommendation act as a temporary bandage or a permanent solution?

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

Additional tips

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

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

Section 4: Proposal Submission Form

[insert: Location, Date]

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

Dear Sir/Madam:

We, the undersigned, hereby offer to provide professional services for [insert: title of services] 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 duties and responsibilities required of us in this RFP, and the General Terms and Conditions of UNDP's Contract for Professional 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 initiate the services not later than the date indicated in the Data Sheet.

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.

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]

Section 5: Documents Establishing the Eligibility and Qualifications of the Proposer

Proposer Information Form¹⁹

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 Operation 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)		
11. Brief description of litigation history (disputes, arbitration, claims, etc.), indicating current status and outcomes, if already resolved.		
12. Proposer's Authorized Representative Information Name: <i>[insert Authorized Representative's name]</i> Address: <i>[insert Authorized Representative's Address]</i> Telephone/Fax numbers: <i>[insert Authorized Representative's telephone/fax numbers]</i> Email Address: <i>[insert Authorized Representative's email address]</i>		
13. Are you in the UNPD List 1267.1989 or UN Ineligibility List ? (Y / N)		

¹⁹ 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.

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 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)²⁰

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)		
1. Brief description of litigation history (disputes, arbitration, claims, etc.), indicating current status and outcomes, if already resolved.		
13. JV's Party Authorized Representative Information		
Name: <i>[insert name of JV's Party authorized representative]</i>		
Address: <i>[insert address of JV's Party authorized representative]</i>		
Telephone/Fax numbers: <i>[insert telephone/fax numbers of JV's Party authorized representative]</i>		
Email Address: <i>[insert email address of JV's Party authorized representative]</i>		

²⁰ 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.

14. Attached are copies of original documents of: *[check the box(es) 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 6: Technical Proposal Form

TECHNICAL PROPOSAL FORMAT INSERT TITLE OF THE SERVICES

Note: Technical Proposals not submitted in this format may be rejected. The financial proposal should be included in separate envelope.

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

SECTION 1: EXPERTISE OF FIRM/ ORGANISATION

This section should fully explain the Proposer's resources in terms of personnel and facilities necessary for the performance of this requirement. All contents of this section may be modified or expanded depending on the evaluation criteria stated in the RFP.

1.1 Brief Description of Proposer as an Entity: Provide a brief description of the organization / firm submitting the proposal, its legal mandates/authorized business activities, the year and country of incorporation, types of activities undertaken, and approximate annual budget, etc. Include reference to reputation, or any history of litigation and arbitration in which the organisation / firm has been involved that could adversely affect or impact the performance of services, indicating the status/result of such litigation/arbitration.

1.2. Financial Capacity: Provide the latest Audited Financial Statement (Income Statement and Balance Sheet) duly certified by a Public Accountant, and with authentication of receiving by the Government's Internal Revenue Authority. Include any indication of credit rating, industry rating, etc.

1.3. Track Record and Experiences: Provide the following information regarding corporate experience within the last five (5) years which are related or relevant to those 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)

SECTION 2 - APPROACH AND IMPLEMENTATION PLAN

This section should demonstrate the Proposer's responsiveness to the TOR by identifying the specific components proposed, addressing the requirements, as specified, point by point; providing a detailed description of the essential performance characteristics proposed; and demonstrating how the proposed methodology meets or exceeds the requirements.

2.1. Approach to the Service/Work Required: Please provide a detailed description of the methodology for how the organisation/firm will achieve the Terms of Reference of the project, keeping in mind the appropriateness to local conditions and project environment.

2.2. Technical Quality Assurance Review Mechanisms: The methodology shall also include details of the Proposer's internal technical and quality assurance review mechanisms.

2.3 Implementation Timelines: The Proposer shall submit a Gantt Chart or Project Schedule indicating the detailed sequence of activities that will be undertaken and their corresponding timing.

2.4. Subcontracting: Explain whether any work would be subcontracted, to whom, how much percentage of the work, the rationale for such, and the roles of the proposed sub-contractors. Special attention should be given to providing a clear picture of the role of each entity and how everyone will function as a team.

2.5. Risks / Mitigation Measures: Please describe the potential risks for the implementation of this project that may impact achievement and timely completion of expected results as well as their quality. Describe measures that will be put in place to mitigate these risks.

2.6. Reporting and Monitoring: Please provide a brief description of the mechanisms proposed for this project for reporting to the UNDP and partners, including a reporting schedule.

2.7. Anti-Corruption Strategy: Define the anti-corruption strategy that will be applied in this project to prevent the misuse of funds. Describe the financial controls that will be put in place.

2.8. Partnerships: Explain any partnerships with local, international or other organizations that are planned for the implementation of the project. Special attention should be given to providing a clear picture of the role of each entity and how everyone will function as a team. Letters of commitment from partners and an indication of whether some or all have successfully worked together on other previous projects is encouraged.

2.9 Statement of Full Disclosure: This is intended to disclose any potential conflict in accordance with the definition of "conflict" under Section 4 of this document, if any.

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

SECTION 3: PERSONNEL

3.1 Management Structure: Describe the overall management approach toward planning and implementing this activity. Include an organization chart for the management of the project describing the relationship of key positions and designations.

3.2 Staff Time Allocation: Provide a spreadsheet will be included to show the activities of each staff member and the time allocated for his/her involvement. (Note :*This spreadsheet is crucial and no substitution of personnel will be tolerated once the contract has been awarded except in extreme circumstances and with the written approval of the UNDP. If substitution is unavoidable it will be with a person who, in the opinion of the UNDP project manager, 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 any substitution.*)

3.3 Qualifications of Key Personnel. Provide the CVs for key personnel (Team Leader, Managerial and general staff) that will be provided to support the implementation of this project. CVs should demonstrate qualifications in areas relevant to the Scope of Services. Please use the format below:

Name:		
Position for this Contract:		
Nationality:		
Contact information:		
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</i> <i>Designation</i> <i>Organization</i> <i>Contact Information – Address; Phone; Email; etc.</i>	
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:

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.

Signature of the Nominated Team Leader/Member

Date Signed

Section 7: Financial Proposal Form

The Proposer is required to prepare the Financial Proposal in an envelope separate from the rest of the RFP as indicated in the Instruction to Proposers.

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

Any estimates for cost-reimbursable items, such as travel and out-of-pocket expenses, should be listed separately.

In case of an equipment component to the service provider, the Price Schedule should include figures for both purchase and lease/rent options. UNDP reserves the option to either lease/rent or purchase outright the equipment through the Contractor.

The format shown on the following pages is suggested for use as a guide in preparing the Financial Proposal. The format includes specific expenditures, which may or may not be required or applicable but are indicated to serve as examples.

A. Cost Breakdown per Deliverables*

SN	Deliverables <i>[list them as referred to in the TOR]</i>	Percentage of Total Price (Weight for payment)	Price (Lump Sum, All Inclusive)
1	Deliverable 1	[UNDP to give percentage (weight) of each deliverable over the total price for the payment purposes, as per TOR]	
2	Deliverable 2		
3		
	Total	100%	USD

**Basis for payment tranches*

B. Cost Breakdown by Cost Component:

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

Description of Activity	Remuneration per Unit of Time (e.g., day, month, etc.)	Total Period of Engagement	No. of Personnel	Total Rate for the Period

I. Personnel Services				
1. Services from Home Office				
a. Expertise 1				
b. Expertise 2				
2. Services from Field Offices				
a. Expertise 1				
b. Expertise 2				
3. Services from Overseas				
a. Expertise 1				
b. Expertise 2				
II. Out of Pocket Expenses				
1. Travel Costs				
2. Daily Allowance				
3. Communications				
4. Reproduction				
5. Equipment Lease				
6. Others				
III. Other Related Costs				

Section 8: FORM FOR PROPOSAL SECURITY

(This must be finalized using the official letterhead of the Issuing Bank. Except for indicated fields, no changes may be made on this template)

To: UNDP
[Insert contact information as provided in Data Sheet]

WHEREAS [name and address of Contractor] (hereinafter called "the Proposer") has submitted a Proposal to UNDP dated, to execute Services (hereinafter called "the Proposal");

AND WHEREAS it has been stipulated by you that the Proposer shall furnish you with a Bank Guarantee by a recognized bank for the sum specified therein as security in the event that the Proposer:

- a) Fails to sign the Contract after UNDP has awarded it;
- b) Withdraws its Proposal after the date of the opening of the Proposals;
- c) Fails to comply with UNDP's variation of requirement, as per RFP instructions; or
- d) Fails to furnish Performance Security, insurances, or other documents that UNDP may require as a condition to rendering the contract effective.

AND WHEREAS we have agreed to give the Proposer such this Bank Guarantee:

NOW THEREFORE we hereby affirm that we are the Guarantor and responsible to you, on behalf of the Proposer, up to a total of [amount of guarantee] [in words and numbers], such sum being payable in the types and proportions of currencies in which the Price Proposal is payable, and we undertake to pay you, upon your first written demand and without cavil or argument, any sum or sums within the limits of [amount of guarantee as aforesaid] without your needing to prove or to show grounds or reasons for your demand for the sum specified therein.

This guarantee shall be valid until a date 30 days from the date of issue by UNDP of a certificate of satisfactory performance and full completion of services by the Proposer.

SIGNATURE AND SEAL OF THE GUARANTOR BANK

Date

Name of Bank

Address

Section 9: FORM FOR PERFORMANCE SECURITY²¹

(This must be finalized using the official letterhead of the Issuing Bank. Except for indicated fields, no changes may be made on this template)

To: UNDP
[Insert contact information as provided in Data Sheet]

WHEREAS [name and address of Contractor] (hereinafter called "the Contractor") has undertaken, in pursuance of Contract No., dated, to execute Services (hereinafter called "the Contract"):

AND WHEREAS it has been stipulated by you in the said Contract that the Contractor shall furnish you with a Bank Guarantee by a recognized bank for the sum specified therein as security for compliance with his obligations in accordance with the Contract:

AND WHEREAS we have agreed to give the Contractor such a Bank Guarantee:

NOW THEREFORE we hereby affirm that we are the Guarantor and responsible to you, on behalf of the Contractor, up to a total of [amount of guarantee] [in words and numbers], such sum being payable in the types and proportions of currencies in which the Contract Price is payable, and we undertake to pay you, upon your first written demand and without cavil or argument, any sum or sums within the limits of [amount of guarantee as aforesaid] without your needing to prove or to show grounds or reasons for your demand for the sum specified therein.

This guarantee shall be valid until a date 30 days from the date of issue by UNDP of a certificate of satisfactory performance and full completion of services by the Contractor.

SIGNATURE AND SEAL OF THE GUARANTOR BANK

Date

Name of Bank

Address

Section 10: Form for Advanced Payment Guarantee²²

²¹ If the RFP requires the submission of a Performance Security, which shall be made a condition to the signing and effectivity of the contract, the Performance Security that the Proposer's Bank will issue shall use the contents of this template

(This must be finalized using the official letterhead of the Issuing Bank. Except for indicated fields, no changes may be made on this template)

_____ [Bank's Name, and Address of Issuing Branch or Office]

Beneficiary: _____ [Name and Address of UNDP]

Date: _____

ADVANCE PAYMENT GUARANTEE No.: _____

We have been informed that [name of Company] (hereinafter called "the Contractor") has entered into Contract No. [reference number of the contract] dated [insert: date] with you, for the provision of [brief description of Services] (hereinafter called "the Contract").

Furthermore, we understand that, according to the conditions of the Contract, an advance payment in the sum of [amount in words] ([amount in figures]) is to be made against an advance payment guarantee.

At the request of the Contractor, we [name of Bank] hereby irrevocably undertake to pay you any sum or sums not exceeding in total an amount of [amount in words] ([amount in figures])²³ upon receipt by us of your first demand in writing accompanied by a written statement stating that the Contractor is in breach of its obligation under the Contract because the Contractor has used the advance payment for purposes other than toward providing the Services under the Contract.

It is a condition for any claim and payment under this guarantee to be made that the advance payment referred to above must have been received by the Contractor on its account number _____ at [name and address of Bank].

The maximum amount of this guarantee shall be progressively reduced by the amount of the advance payment repaid by the Contractor as indicated in copies of certified monthly statements which shall be presented to us. This guarantee shall expire, at the latest, upon our receipt of the monthly payment certificate indicating that the Consultants have made full repayment of the amount of the advance payment, or on the ____ day of _____, 2____²⁴, whichever is earlier. Consequently, any demand for payment under this guarantee must be received by us at this office on or before that date.

²² This Guarantee shall be required if the Contractor will require advanced payment of more than 20% of the contract amount, or if the absolute amount of the advanced payment required will exceed the amount of USD 30,000, or its equivalent if the price offer is not in USD, using the exchange rate stated in the Data Sheet. The Contractor's Bank must issue the Guarantee using the contents of this template.

²³ The Guarantor Bank shall insert an amount representing the amount of the advanced payment and denominated either in the currency/ies of the advanced payment as specified in the Contract.

²⁴ Insert the expected expiration date. In the event of an extension of time for Completion of the Contract, the Contractor would need to request an extension of this Guarantee from the Guarantor Bank. Such request must be in writing and must be made prior to the expiration date established in the Guarantee. In preparing this Guarantee, the Contractor might consider adding the following text to the form at the end of the penultimate paragraph: "The Guarantor Bank agrees to a one-time extension of this Guarantee for a period not to exceed [six months] [one year], in response to the Contractor's written request for such extension, such request to be presented to the Guarantor Bank before the expiry of the Guarantee."

This guarantee is subject to the Uniform Rules for Demand Guarantees, ICC Publication No. 458.

[signature(s)]

Note: All italicized text is for indicative purposes only to assist in preparing this form and shall be deleted from the final product.

Section 11: Contract for Professional Services

THIS IS UNDP'S TEMPLATE FOR CONTRACT FOR THE PROPOSER'S REFERENCE. ADHERENCE TO ALL TERMS AND CONDITIONS IS MANDATORY.

[PLEASE ATTACH HERETO THE .PDF VERSION OF THE CONTRACT FOR PROFESSIONAL SERVICES AND THE GENERAL TERMS AND CONDITIONS]

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 for Professional 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;

b) the Terms of Reference [ref.dated.....], attached hereto as Annex II;

c) the Contractor's Proposal [ref....., dated]

d) The UNDP Request for Proposal [ref....., dated.....]

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 II with due diligence and efficiency and in accordance with the Contract.

2.2 The Contractor shall provide the services of the following key personnel:

<u>Name</u>	<u>Specialization</u>	<u>Nationality</u>	<u>Period of service</u>
-------------	-----------------------	--------------------	--------------------------

....
------	-------	-------	-------

....
------	-------	-------	-------

2.3 Any changes in the above key personnel shall require prior written approval of _____ [NAME and TITLE], UNDP.

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:

[LIST DELIVERABLES]

[INDICATE DELIVERY DATES]

e.g.

Progress report	.././....
.....	.././....
Final report	.././....

- 2.6 All reports shall be written in the English language, and shall describe in detail the services rendered under the Contract during the period of time covered in such report. All reports shall be transmitted by the Contractor by _____ **[MAIL, COURIER AND/OR FAX]** to the address specified in 9.1 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.

OPTION 1 (FIXED PRICE)

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 9.1 below, upon achievement of the corresponding milestones and for the following amounts:

<u>MILESTONE</u>	<u>AMOUNT</u>	<u>TARGET DATE</u>
Upon....././....
....././....

Invoices shall indicate the milestones achieved and corresponding amount payable.

OPTION 2 (COST REIMBURSEMENT)

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 price not to exceed _____ **[INSERT CURRENCY & AMOUNT IN FIGURES AND WORDS]**.
- 3.2 The amount contained in 3.1 above is the maximum total amount of reimbursable costs under this Contract. The Breakdown of Costs in Annex _____ **[INSERT ANNEX NUMBER]** contains the maximum amounts per cost category that are reimbursable under this Contract. The Contractor shall reflect in his invoices the amount of the actual reimbursable costs incurred in the performance of the Services.
- 3.3 The Contractor shall not do any work, provide any equipment, materials and supplies, or perform any other services which may result in any costs in excess of the amount under 3.1 or of any of the amounts specified in the Breakdown of Costs for each cost category without the prior written agreement of _____ **[NAME and TITLE], UNDP.**
- 3.4 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.
- 3.5 The Contractor shall submit invoices for the work done every _____ **[INSERT PERIOD OF TIME OR MILESTONES]**.

OR

- 3.5. The Contractor shall submit an invoice for _____ **[INSERT AMOUNT AND CURRENCY OF THE ADVANCE PAYMENT IN FIGURES & WORDS]** upon signature of this Contract by both parties and invoices for the work done every _____ **[INSERT PERIOD OF TIME OR MILESTONES]**.
- 3.6 Progress and final payments shall be effected by UNDP to the Contractor after acceptance of the invoices submitted by the Contractor to the address specified in 9.1 below, together with whatever supporting documentation of the actual costs incurred is required in the Breakdown of Costs or may be required by UNDP. Such payments shall be subject to any specific conditions for reimbursement contained in the Breakdown of Costs.
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 The advance payment to be made upon signature of the contract by both parties is contingent upon receipt and acceptance by UNDP of a bank guarantee for the full amount of the advance payment issued by a Bank and in a form acceptable to UNDP.
- 4.3 The amounts of the payments referred to under section 3.6 above shall be subject to a deduction of _____ **[INSERT PERCENTAGE THAT THE ADVANCE REPRESENTS OVER THE TOTAL PRICE OF THE CONTRACT]** % (... percent) of the amount accepted for payment until the cumulative amount of the deductions so effected shall equal the amount of the advance payment.
- 4.4 Owing to [...], Article(s) [...] of the General Conditions in Annex I shall be amended to read/be deleted.
5. Submission of invoices
- 5.1 An original invoice shall be submitted by mail by the Contractor for each payment under the Contract to the

following address:

.....

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 _____ [NAME AND TITLE] UNDP.

9. Notifications

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

For the UNDP:

Name
Designation
Address
Tel. No.
Fax. No.
Email address:

For the Contractor:

Name
Designation

Address
Tel. No.
Fax. No.
Email 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]

For [INSERT NAME OF THE COMPANY/ORGANIZATION]

Agreed and Accepted:

Signature _____
Name: _____
Title: _____
Date: _____



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:

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

8.0 INSURANCE AND LIABILITIES TO THIRD PARTIES:

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

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

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

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

8.4.1 Name UNDP as additional insured;

8.4.2 Include a waiver of subrogation of the Contractor's rights to the insurance carrier against the UNDP;

8.4.3 Provide that the UNDP shall receive thirty (30) days written notice from the insurers prior to any cancellation or change of coverage.

8.5 The Contractor shall, upon request, provide the UNDP with satisfactory evidence of the insurance required under this Article.

9.0 ENCUMBRANCES/LIENS:

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

10.0 TITLE TO EQUIPMENT: Title to any equipment and supplies that may be furnished by UNDP shall rest with UNDP and any such equipment shall be returned to UNDP at the conclusion of this Contract or when no longer needed by the Contractor. Such equipment, when returned to UNDP, shall be in the same condition as when delivered to the Contractor, subject to normal wear and tear. The Contractor shall be liable to compensate UNDP for equipment determined to be damaged or degraded beyond normal wear and tear.

11.0 COPYRIGHT, PATENTS AND OTHER PROPRIETARY RIGHTS:

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

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

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

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

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

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

13.0 CONFIDENTIAL NATURE OF DOCUMENTS AND INFORMATION:

Information and data that is considered proprietary by either Party, and that is delivered or disclosed by one Party ("Discloser") to the other Party ("Recipient") during the course of performance of the Contract, and that is designated as confidential ("Information"), shall be held in confidence by that Party and shall be handled as follows:

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

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

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

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

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

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

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

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

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

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

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

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

independently of any disclosures hereunder.

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

14.0 FORCE MAJEURE; OTHER CHANGES IN CONDITIONS

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

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

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

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

15.0 TERMINATION

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

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

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

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

16.0 SETTLEMENT OF DISPUTES

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

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

17.0 PRIVILEGES AND IMMUNITIES:

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

18.0 TAX EXEMPTION

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

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

19.0 CHILD LABOUR

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

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

20.0 MINES:

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

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

21.0 OBSERVANCE OF THE LAW:

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

22.0 SEXUAL EXPLOITATION:

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

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

23.0 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:

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 anytime, 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.
