

United Nations Development Programme



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REQUEST FOR PROPOSAL

Provision of Assurance and Advisory Services

RFP No: UNDP-RFP-2020-097

JTN: 13258

Project: Management Support Unit

Country: Pakistan

Issued on: 29 April 2020

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Section 1. Letter of Invitation

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 and the General Terms and Conditions of Contract which is inserted in the Bid Data Sheet (BDS):


- Section 1: This Letter of Invitation
- Section 2: Instruction to Bidders
- Section 3: Bid Data Sheet (BDS)
- Section 4: Evaluation Criteria
- Section 5: Terms of Reference
- Section 6: Returnable Bidding Forms
 - o Form A: Technical Proposal Submission Form
 - o Form B: Bidder Information Form
 - o Form C: Joint Venture/Consortium/Association Information Form **(Not Applicable)**
 - o Form D: Qualification Form
 - o Form E: Format of Technical Proposal
 - o Form F: Financial Proposal Submission Form
 - o Form G: Financial Proposal Form
 - o Form H: Form of Proposal Security (Applicable)
- Section 7: Form of Performance Security (Not Applicable)

If you are interested in submitting a Proposal in response to this RFP, please prepare your Proposal in accordance with the requirements and procedure as set out in this RFP and submit it by the Deadline for Submission of Proposals set out in Bid Data Sheet by or before **20th May 2020 (12:30 PM Pakistan Standard Time OR 03:30 AM EDT)**.

Please acknowledge receipt of this RFP by sending an email to pakistan.procurement.info@undp.org, indicating whether you intend to submit a Proposal or otherwise. You may also utilize the **"Accept Invitation"** function **on or before 14th May 2020** in e-Tendering system, where applicable. This will enable you to receive amendments or updates to the RFP. Should you require further clarifications, kindly communicate with the contact person/s identified in the attached Bid Data Sheet as the focal point for queries on this RFP.

UNDP looks forward to receiving your Proposal and thank you in advance for your interest in UNDP procurement opportunities.

Issued by:

DocuSigned by:

FCEF2CFE9B46404...

Name: Zeeshan Zahid
Title: Manager Procurement
Date: **April 29, 2020**

Approved by:

DocuSigned by:

5866F218C2264C1...

Name: Agnes Kochan
Title: Operations Manager
Date: **April 29, 2020**

DocuSigned by:

F4368BCBCAC6469...

Section 2. Instruction to Bidders

GENERAL PROVISIONS	
1. Introduction	<p>1.1 Bidders shall adhere to all the requirements of this RFP, including any amendments in writing by UNDP. This RFP is conducted in accordance with the UNDP Programme and Operations Policies and Procedures (POPP) on Contracts and Procurement which can be accessed at https://popp.undp.org/SitePages/POPPBSUnit.aspx?TermID=254a9f96-b883-476a-8ef8-e81f93a2b38d</p> <p>1.2 Any Proposal submitted will be regarded as an offer by the Bidder and does not constitute or imply the acceptance of the Proposal by UNDP. UNDP is under no obligation to award a contract to any Bidder as a result of this RFP.</p> <p>1.3 As part of the bid, it is desired that the Bidder registers at the United Nations Global Marketplace (UNGM) website (www.ungm.org). The Bidder may still submit a bid even if not registered with the UNGM. However, if the Bidder is selected for contract award, the Bidder must register on the UNGM prior to contract signature.</p>
2. Fraud & Corruption, Gifts and Hospitality	<p>2.1 UNDP strictly enforces a policy of zero tolerance on proscribed practices, including fraud, corruption, collusion, unethical or unprofessional practices, and obstruction of UNDP vendors and requires all bidders/vendors observe the highest standard of ethics during the procurement process and contract implementation. UNDP's Anti-Fraud Policy can be found at http://www.undp.org/content/undp/en/home/operations/accountability/audit/office_of_audit_andinvestigation.html#anti</p> <p>2.2 Bidders/vendors shall not offer gifts or hospitality of any kind to UNDP staff members including recreational trips to sporting or cultural events, theme parks or offers of holidays, transportation, or invitations to extravagant lunches or dinners.</p> <p>2.3 In pursuance of this policy, UNDP (a) Shall reject a proposal if it determines that the selected bidder has engaged in any corrupt or fraudulent practices in competing for the contract in question; (b) Shall declare a vendor ineligible, either indefinitely or for a stated period of time, to be awarded a contract if at any time it determines that the vendor has engaged in any corrupt or fraudulent practices in competing for, or in executing a UNDP contract.</p> <p>2.4 All Bidders must adhere to the UN Supplier Code of Conduct, which may be found at http://www.un.org/depts/ptd/pdf/conduct_english.pdf</p>
3. Eligibility	<p>3.1 A vendor should not be suspended, debarred, or otherwise identified as ineligible by any UN Organization or the World Bank Group or any other international Organization. Vendors are therefore required to disclose to UNDP whether they are subject to any sanction or temporary suspension imposed by these organizations.</p> <p>3.2 It is the Bidder's responsibility to ensure that its employees, joint venture members, sub-contractors, service providers, suppliers and/or their</p>

	employees meet the eligibility requirements as established by UNDP.
4. Conflict of Interests	<p>4.1 Bidders must strictly avoid conflicts with other assignments or their own interests, and act without consideration for future work. Bidders found to have a conflict of interest shall be disqualified. Without limitation on the generality of the above, Bidders, 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:</p> <ul style="list-style-type: none"> a) Are or have been associated in the past, with a firm or any of its affiliates which have been engaged by 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; b) Were involved in the preparation and/or design of the programme/project related to the services requested under this RFP; or c) Are found to be in conflict for any other reason, as may be established by, or at the discretion of UNDP. <p>4.2 In the event of any uncertainty in the interpretation of a potential conflict of interest, Bidders must disclose to UNDP, and seek UNDP's confirmation on whether or not such a conflict exists.</p> <p>4.3 Similarly, the Bidders must disclose in their proposal their knowledge of the following:</p> <ul style="list-style-type: none"> a) If the owners, part-owners, officers, directors, controlling shareholders, of the bidding entity or key personnel are family members 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 b) All other circumstances that could potentially lead to actual or perceived conflict of interest, collusion or unfair competition practices. <p>Failure to disclose such an information may result in the rejection of the proposal or proposals affected by the non-disclosure.</p> <p>4.4 The eligibility of Bidders 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, operated and managed as an independent business entity, the extent of Government ownership/share, receipt of subsidies, mandate and access to information in relation to this RFP, among others. Conditions that may lead to undue advantage against other Bidders may result in the eventual rejection of the Proposal.</p>
PREPARATION OF PROPOSALS	
5. General Considerations	<p>5.1 In preparing the Proposal, the Bidder is expected to examine the RFP in detail. Material deficiencies in providing the information requested in the RFP may result in rejection of the Proposal.</p> <p>5.2 The Bidder will not be permitted to take advantage of any errors or omissions in the RFP. Should such errors or omissions be discovered, the Bidder must notify the UNDP</p>

6. Cost of Preparation of Proposal	6.1 The Bidder 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 not be responsible or liable for those costs, regardless of the conduct or outcome of the procurement process.
7. Language	7.1 The Proposal, as well as any and all related correspondence exchanged by the Bidder and UNDP, shall be written in the language (s) specified in the BDS.
8. Documents Comprising the Proposal	8.1 The Proposal shall comprise of the following documents: c) Documents Establishing the Eligibility and Qualifications of the Bidder; d) Technical Proposal; e) Financial Proposal; f) Proposal Security, if required by BDS; g) Any attachments and/or appendices to the Proposal.
9. Documents Establishing the Eligibility and Qualifications of the Bidder	9.1 The Bidder shall furnish documentary evidence of its status as an eligible and qualified vendor, using the Forms provided under Section 6 and providing documents required in those forms. In order to award a contract to a Bidder, its qualifications must be documented to UNDP's satisfaction.
10. Technical Proposal Format and Content	10.1 The Bidder is required to submit a Technical Proposal using the Standard Forms and templates provided in Section 6 of the RFP. 10.2 The Technical Proposal shall not include any price or financial information. A Technical Proposal containing material financial information may be declared non-responsive. 10.3 Samples of items, when required as per Section 5, shall be provided within the time specified and unless otherwise specified by UNDP, and at no expense to UNDP 10.4 When applicable and required as per Section 5, the Bidder shall describe the necessary training programme available for the maintenance and operation of the services and/or equipment offered as well as the cost to the UNDP. Unless otherwise specified, such training as well as training materials shall be provided in the language of the Bid as specified in the BDS.
11. Financial Proposals	11.1 The Financial Proposal and Financial Proposal Submission Form shall be prepared using the Standard Form provided in Section 6 of the RFP. It shall list all major cost components associated with the services, and the detailed breakdown of such costs. 11.2 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. 11.3 Prices and other financial information must not be disclosed in any other place except in the financial proposal.
12. Proposal Security	12.1 A Proposal Security, if required by BDS, shall be provided in the amount and

	<p>form indicated in the BDS. The Proposal Security shall be valid up to thirty (30) days after the final date of validity of the Proposal.</p> <p>12.2 The Proposal Security shall be included along with the Technical Proposal. If Proposal Security is required by the RFP but is not found along with the Technical Proposal, the Proposal shall be rejected.</p> <p>12.3 If the Proposal Security amount or its validity period is found to be less than what is required by UNDP, UNDP shall reject the Proposal.</p> <p>12.4 In the event an electronic submission is allowed in the BDS, Bidders shall include a copy of the Bid Security in their proposal and the original of the Proposal Security must be sent via courier or hand delivery as per the instructions in BDS.</p> <p>12.5 The Proposal Security may be forfeited by UNDP, and the Proposal rejected, in the event of any one or combination, of the following conditions:</p> <ul style="list-style-type: none"> a) If the Bidder withdraws its offer during the period of the Proposal Validity specified in the BDS, or; b) In the event that the successful Bidder fails: <ul style="list-style-type: none"> i. to sign the Contract after UNDP has issued an award; or <p>12.6 to furnish the Performance Security, insurances, or other documents that UNDP may require as a condition precedent to the effectivity of the contract that may be awarded to the Bidder.</p>
13. Currencies	<p>13.1 All prices shall be quoted in the currency or currencies indicated in the BDS. Where Proposals are quoted in different currencies, for the purposes of comparison of all Proposals:</p> <ul style="list-style-type: none"> 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 UNDP selects a proposal for award that is quoted in a currency different from the preferred currency in the BDS, UNDP shall reserve the right to award the contract in the currency of UNDP's preference, using the conversion method specified above.
14. Joint Venture, Consortium or Association	<p>14.1 If the Bidder is a group of legal entities that will form or have formed a Joint Venture (JV), Consortium or Association for 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 JV, Consortium or Association jointly and severally, which shall be evidenced by a duly notarized Agreement among the legal entities, and submitted 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.</p> <p>14.2 After the Deadline for Submission of Proposal, the lead entity identified to represent the JV, Consortium or Association shall not be altered without the prior written consent of UNDP.</p> <p>14.3 The lead entity and the member entities of the JV, Consortium or</p>

	<p>Association shall abide by the provisions of Clause 9 herein in respect of submitting only one proposal.</p> <p>14.4 The description of the organization of the JV, Consortium or 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 JV, Consortium or Association Agreement. All entities that comprise the JV, Consortium or Association shall be subject to the eligibility and qualification assessment by UNDP.</p> <p>14.5 A JV, Consortium or Association in presenting its track record and experience should clearly differentiate between:</p> <ul style="list-style-type: none"> a) Those that were undertaken together by the JV, Consortium or Association; and b) Those that were undertaken by the individual entities of the JV, Consortium or Association. <p>14.6 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 JV, Consortium or Association or those of its members, but should only be claimed by the individual experts themselves in their presentation of their individual credentials.</p> <p>14.7 JV, Consortium or Associations are encouraged for high value, multi-sectoral requirements when the spectrum of expertise and resources required may not be available within one firm.</p>
15. Only One Proposal	<p>15.1 The Bidder (including the individual members of any Joint Venture) shall submit only one Proposal, either in its own name or as part of a Joint Venture.</p> <p>15.2 Proposals submitted by two (2) or more Bidders shall all be rejected if they are found to have any of the following:</p> <ul style="list-style-type: none"> 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 Bidder 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 Bidder; or f) some key personnel proposed to be in the team of one Bidder participates in more than one Proposal received for this RFP process. This condition relating to the personnel, does not apply to subcontractors being included in more than one Proposal.
16. Proposal Validity	<p>16.1 Proposals shall remain valid for the period specified in the BDS, commencing</p>

<p>Period</p>	<p>on the Deadline for Submission of Proposals. A Proposal valid for a shorter period may be rejected by UNDP and rendered non-responsive.</p> <p>16.2 During the Proposal validity period, the Bidder shall maintain its original Proposal without any change, including the availability of the Key Personnel, the proposed rates and the total price.</p>
<p>17. Extension of Proposal Validity Period</p>	<p>17.1 In exceptional circumstances, prior to the expiration of the proposal validity period, UNDP may request Bidders 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.</p> <p>17.2 If the Bidder agrees to extend the validity of its Proposal, it shall be done without any change in the original Proposal.</p> <p>17.3 The Bidder has the right to refuse to extend the validity of its Proposal, and in which case, such Proposal will not be further evaluated.</p>
<p>18. Clarification of Proposal</p>	<p>18.1 Bidders may request clarifications on any of the RFP documents no later than the date indicated in the BDS. Any request for clarification must be sent in writing in the manner indicated in the BDS. If inquiries are sent other than specified channel, even if they are sent to a UNDP staff member, UNDP shall have no obligation to respond or confirm that the query was officially received.</p> <p>18.2 UNDP will provide the responses to clarifications through the method specified in the BDS.</p> <p>18.3 UNDP shall endeavor to provide 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.</p>
<p>19. Amendment of Proposals</p>	<p>19.1 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 Bidder, modify the RFP in the form of an amendment to the RFP. Amendments will be made available to all prospective bidders.</p> <p>19.2 If the amendment is substantial, UNDP may extend the Deadline for submission of proposal to give the Bidders reasonable time to incorporate the amendment into their Proposals.</p>
<p>20. Alternative Proposals</p>	<p>20.1 Unless otherwise specified in the BDS, alternative proposals shall not be considered. If submission of alternative proposal is allowed by BDS, a Bidder may submit an alternative proposal, but only if it also submits a proposal conforming to the RFP requirements. UNDP shall only consider the alternative proposal offered by the Bidder whose conforming proposal ranked the highest as per the specified evaluation method. 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.</p> <p>20.2 If multiple/alternative proposals are being submitted, they must be clearly marked as "Main Proposal" and "Alternative Proposal"</p>

21. Pre-Bid Conference	<p>21.1 When appropriate, a Bidder's conference will be conducted at the date, time and location specified in the BDS. All Bidders are encouraged to attend. Non-attendance, however, shall not result in disqualification of an interested Bidder. Minutes of the Bidder's conference will be disseminated on the procurement website and shared by email or on the e-Tendering platform as specified in the BDS. No verbal statement made during the conference shall modify the terms and conditions of the RFP, unless specifically incorporated in the Minutes of the Bidder's Conference or issued/posted as an amendment to RFP.</p>
SUBMISSION AND OPENING OF PROPOSALS	
22. Submission	<p>22.1 The Bidder shall submit a duly signed and complete Proposal comprising the documents and forms in accordance with the requirements in the BDS. The submission shall be in the manner specified in the BDS.</p> <p>22.2 The Proposal shall be signed by the Bidder or person(s) duly authorized to commit the Bidder. The authorization shall be communicated through a document evidencing such authorization issued by the legal representative of the bidding entity, or a Power of Attorney, accompanying the Proposal.</p> <p>22.3 Bidders must be aware that the mere act of submission of a Proposal, in and of itself, implies that the Bidder fully accepts the UNDP General Contract Terms and Conditions.</p>
Hard copy (manual) submission	<p>22.4 Hard copy (manual) submission by courier or hand delivery allowed or specified in the BDS shall be governed as follows:</p> <ul style="list-style-type: none"> g) The signed Proposal shall be marked "Original", and its copies marked "Copy" as appropriate. The number of copies is indicated in the BDS. All copies shall be made from the signed original only. If there are discrepancies between the original and the copies, the original shall prevail. h) The Technical Proposal and the Financial 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 SHALL clearly indicate the name of the Bidder. The outer envelopes shall: <ul style="list-style-type: none"> i. Bear the name and address of the bidder; ii. Be addressed to UNDP as specified in the BDS iii. Bear a warning that states <i>"Not to be opened before the time and date for proposal opening"</i> as specified in the BDS. <p>If the envelopes and packages with the Proposal are not sealed and marked as required, UNDP shall assume no responsibility for the misplacement, loss, or premature opening of the Proposal.</p>
Email Submission	<p>22.5 Email submission, if allowed or specified in the BDS, shall be governed as follows:</p>

<p>e-Tendering submission</p>	<ul style="list-style-type: none"> a) Electronic files that form part of the proposal must be in accordance with the format and requirements indicated in BDS; b) The Technical Proposal and the Financial Proposal files MUST BE COMPLETELY SEPARATE. The financial proposal shall be encrypted with different passwords and clearly labelled. The files must be sent to the dedicated email address specified in the BDS. c) The password for opening the Financial Proposal and Financial Proposal Submission Form should be provided only upon request of UNDP. UNDP will request password only from bidders whose Technical Proposal has been found to be technically responsive. Failure to provide correct password may result in the proposal being rejected. <p>22.6 Electronic submission through eTendering, if allowed or specified in the BDS, shall be governed as follows:</p> <ul style="list-style-type: none"> a) Electronic files that form part of the proposal must be in accordance with the format and requirements indicated in BDS; b) The Technical Proposal and the Financial Proposal and Financial Proposal Submission Form files MUST BE COMPLETELY SEPARATE and each of them must be uploaded individually and clearly labelled. d) The Financial Proposal file must be encrypted with a password so that it cannot be opened nor viewed until the password is provided. The password for opening the Financial Proposal and Financial Proposal Submission Form should be provided only upon request of UNDP. UNDP will request password only from bidders whose technical proposal has been found to be technically responsive. Failure to provide the correct password may result in the proposal being rejected. c) Documents which are required to be in original form (e.g. Bid Security, etc.) must be sent via courier or hand delivery as per the instructions in BDS. d) Detailed instructions on how to submit, modify or cancel a bid in the eTendering system are provided in the eTendering system Bidder User Guide and Instructional videos available on this link: http://www.undp.org/content/undp/en/home/operations/procurement/business/procurement-notice/resources/
<p>23. Deadline for Submission of Proposals and Late Proposals</p>	<p>23.1 Complete Proposals must be received by UNDP in the manner, and no later than the date and time, specified in the BDS. UNDP shall only recognize the date and time that the bid was received by UNDP</p> <p>23.2 UNDP shall not consider any Proposal that is submitted after the deadline for the submission of Proposals.</p>
<p>24. Withdrawal, Substitution, and Modification of Proposals</p>	<p>24.1 A Bidder may withdraw, substitute or modify its Proposal after it has been submitted at any time prior to the deadline for submission.</p> <p>24.2 Manual and Email submissions: A bidder may withdraw, substitute or modify its Proposal by sending a written notice to UNDP, 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</p>

	<p>Proposal, if any, must accompany the respective written notice. All notices must be submitted in the same manner as specified for submission of proposals, by clearly marking them as "WITHDRAWAL" "SUBSTITUTION," or "MODIFICATION"</p> <p>24.3 eTendering: A Bidder may withdraw, substitute or modify its Proposal by Canceling, Editing, and re-submitting the proposal directly in the system. It is the responsibility of the Bidder to properly follow the system instructions, duly edit and submit a substitution or modification of the Proposal as needed. Detailed instructions on how to cancel or modify a Proposal directly in the system are provided in Bidder User Guide and Instructional videos.</p> <p>24.4 Proposals requested to be withdrawn shall be returned unopened to the Bidders (only for manual submissions), except if the bid is withdrawn after the bid has been opened</p>
25. Proposal Opening	<p>25.1 There is no public bid opening for RFPs. UNDP shall open the Proposals in the presence of an ad-hoc committee formed by UNDP, consisting of at least two (2) members. In the case of e-Tendering submission, bidders will receive an automatic notification once their proposal is opened.</p>
EVALUATION OF PROPOSALS	
26. Confidentiality	<p>26.1 Information relating to the examination, evaluation, and comparison of Proposals, and the recommendation of contract award, shall not be disclosed to Bidders or any other persons not officially concerned with such process, even after publication of the contract award.</p> <p>26.2 Any effort by a Bidder or anyone on behalf of the Bidder 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 and may be subject to the application of prevailing UNDP's vendor sanctions procedures.</p>
27. Evaluation of Proposals	<p>27.1 The Bidder is not permitted to alter or modify its Proposal in any way after the proposal submission deadline except as permitted under Clause 24 of this RFP. UNDP will conduct the evaluation solely on the basis of the submitted Technical and Financial Proposals.</p> <p>27.2 Evaluation of proposals is made of the following steps:</p> <ul style="list-style-type: none"> i) Preliminary Examination j) Minimum Eligibility and Qualification (if pre-qualification is not done) k) Evaluation of Technical Proposals l) Evaluation of Financial Proposals
28. Preliminary Examination	<p>28.1 UNDP shall examine the Proposals to determine whether they are complete with respect to minimum documentary requirements, whether the documents have been properly signed, and whether the Proposals are generally in order, among other indicators that may be used at this stage. UNDP reserves the right to reject any Proposal at this stage.</p>
29. Evaluation of Eligibility and	<p>29.1 Eligibility and Qualification of the Bidder will be evaluated against the Minimum Eligibility/Qualification requirements specified in the Section 4</p>

<p>Qualification</p>	<p>(Evaluation Criteria).</p> <p>29.2 In general terms, vendors that meet the following criteria may be considered qualified:</p> <ul style="list-style-type: none"> a) They are not included in the UN Security Council 1267/1989 Committee's list of terrorists and terrorist financiers, and in UNDP's ineligible vendors' list; b) They have a good financial standing and have access to adequate financial resources to perform the contract and all existing commercial commitments, c) They have the necessary similar experience, technical expertise, production capacity where applicable, quality certifications, quality assurance procedures and other resources applicable to the provision of the services required; d) They are able to comply fully with UNDP General Terms and Conditions of Contract; e) They do not have a consistent history of court/arbitral award decisions against the Bidder; and f) They have a record of timely and satisfactory performance with their clients.
<p>30. Evaluation of Technical and Financial Proposals</p>	<p>30.1 The evaluation team shall review and evaluate the Technical Proposals on the basis of their responsiveness to the Terms of Reference and other RFP documents, applying the evaluation criteria, sub-criteria, and point system specified in the Section 4 (Evaluation Criteria). A Proposal shall be rendered non-responsive at the technical evaluation stage if it fails to achieve the minimum technical score indicated in the BDS. When necessary and if stated in the BDS, UNDP may invite technically responsive bidders for a presentation related to their technical proposals. The conditions for the presentation shall be provided in the bid document where required.</p> <p>30.2 In the second stage, only the Financial Proposals of those Bidders who achieve the minimum technical score will be opened for evaluation. The Financial Proposals corresponding to Technical Proposals that were rendered non-responsive shall remain unopened, and, in the case of manual submission, be returned to the Bidder unopened. For emailed Proposals and e-tendering submissions, UNDP will not request for the password of the Financial Proposals of bidders whose Technical Proposal were found not responsive.</p> <p>30.3 The evaluation method that applies for this RFP shall be as indicated in the BDS, which may be either of two (2) possible methods, as follows: (a) the lowest priced method which selects the lowest evaluated financial proposal of the technically responsive Bidders; or (b) the combined scoring method which will be based on a combination of the technical and financial score.</p> <p>30.4 When the BDS specifies a combined scoring method, the formula for the rating of the Proposals will be as follows:</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p><u>Rating the Technical Proposal (TP):</u></p> </div>

	<p>TP Rating = (Total Score Obtained by the Offer / Max. Obtainable Score for TP) x 100</p> <p><u>Rating the Financial Proposal (FP):</u></p> <p>FP Rating = (Lowest Priced Offer / Price of the Offer Being Reviewed) x 100</p> <p><u>Total Combined Score:</u></p> <p>Combined Score = (TP Rating) x (Weight of TP, e.g. 70%) + (FP Rating) x (Weight of FP, e.g., 30%)</p>
31. Due Diligence	<p>31.1 UNDP reserves the right to undertake a due diligence exercise, also called post qualification, aimed at determining to its satisfaction, the validity of the information provided by the Bidder. Such exercise shall be fully documented and may include, but need not be limited to, all or any combination of the following:</p> <ul style="list-style-type: none"> a) Verification of accuracy, correctness and authenticity of information provided by the Bidder; 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 Bidder, or with previous clients, or any other entity that may have done business with the Bidder; d) Inquiry and reference checking with previous clients on the performance on on-going or contracts completed, including physical inspections of previous works, as necessary; e) Physical inspection of the Bidder's offices, branches or other places where business transpires, with or without notice to the Bidder; f) Other means that UNDP may deem appropriate, at any stage within the selection process, prior to awarding the contract.
32. Clarification of Proposals	<p>32.1 To assist in the examination, evaluation and comparison of Proposals, UNDP may, at its discretion, ask any Bidder for a clarification of its Proposal.</p> <p>32.2 UNDP's request for clarification and the response shall be in writing and 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.</p> <p>32.3 Any unsolicited clarification submitted by a Bidder 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.</p>
33. Responsiveness of Proposal	<p>33.1 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.</p>

	33.2 If a Proposal is not substantially responsive, it shall be rejected by UNDP and may not subsequently be made responsive by the Bidder by correction of the material deviation, reservation, or omission.
34. Nonconformities, Reparable Errors and Omissions	<p>34.1 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.</p> <p>34.2 UNDP may request the Bidder 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 Bidder to comply with the request may result in the rejection of its Proposal.</p> <p>34.3 For Financial Proposal that has been opened, UNDP shall check and correct arithmetical errors as follows:</p> <ul style="list-style-type: none"> 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. <p>34.4 If the Bidder does not accept the correction of errors made by UNDP, its Proposal shall be rejected.</p>
AWARD OF CONTRACT	
35. Right to Accept, Reject, Any or All Proposals	35.1 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 Bidder(s) of the grounds for UNDP's action. UNDP shall not be obliged to award the contract to the lowest priced offer.
36. Award Criteria	36.1 Prior to expiration of the proposal validity, UNDP shall award the contract to the qualified Bidder based on the award criteria indicated in the BDS.
37. Debriefing	37.1 In the event that a Bidder is unsuccessful, the Bidder may request a debriefing from UNDP. The purpose of the debriefing is to discuss the strengths and weaknesses of the Bidder's submission, in order to assist the Bidder in improving its future proposals for UNDP procurement opportunities. The content of other proposals and how they compare to the Bidder's submission shall not be discussed.
38. Right to Vary	38.1 At the time of award of Contract, UNDP reserves the right to vary the

Requirements at the Time of Award	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.
39. Contract Signature	39.1 Within fifteen (15) days from the date of receipt of the Contract, the successful Bidder shall sign and date the Contract and return it to UNDP. Failure to do so may 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 Second Ranked Bidder or call for new Proposals.
40. Contract Type and General Terms and Conditions	40.1 The types of Contract to be signed and the applicable UNDP Contract General Terms and Conditions, as specified in BDS, can be accessed at http://www.undp.org/content/undp/en/home/procurement/business/how-we-buy.html
41. Performance Security	41.1 40.1 A performance security, if required in BDS, shall be provided in the amount specified in BDS and form available at https://popp.undp.org/_layouts/15/WopiFrame.aspx?sourcedoc=/UNDP_POPP_DOCUMENT_LIBRARY/Public/PSU_Solicitation_Performance%20Guarantee%20Form.docx&action=default within fifteen (15) days of the contract signature by both parties. Where a performance security is required, the receipt of the performance security by UNDP shall be a condition for rendering the contract effective.
42. Bank Guarantee for Advanced Payment	42.1 Except when the interests of UNDP so require, it is UNDP's preference to make no advance payment(s) (i.e., payments without having received any outputs). If an advance payment is allowed as per BDS, and exceeds 20% of the total contract price, or USD 30,000, whichever is less, the Bidder shall submit a Bank Guarantee in the full amount of the advance payment in the form available at https://popp.undp.org/_layouts/15/WopiFrame.aspx?sourcedoc=/UNDP_POPP_DOCUMENT_LIBRARY/Public/PSU_Contract%20Management%20Payment%20and%20Taxes_Advanced%20Payment%20Guarantee%20Form.docx&action=default
43. Liquidated Damages	43.1 If specified in BDS, UNDP shall apply Liquidated Damages resulting from the Contractor's delays or breach of its obligations as per the Contract.
44. Payment Provisions	44.1 Payment will be made only upon UNDP's acceptance of the work performed. The terms of payment shall be within thirty (30) days, after receipt of invoice and certification of acceptance of work issued by the proper authority in UNDP with direct supervision of the Contractor. Payment will be effected by bank transfer in the currency of contract.
45. Vendor Protest	45.1 UNDP's vendor protest procedure provides an opportunity for appeal to those persons or firms not awarded a contract through a competitive procurement process. In the event that a Bidder believes that it was not treated fairly, the following link provides further details regarding UNDP vendor protest procedures:

	http://www.undp.org/content/undp/en/home/operations/procurement/business/protest-and-sanctions.html
46. Other Provisions	<p>46.1 In the event that the Bidder offers a lower price to the host Government (e.g. General Services Administration (GSA) of the federal government of the United States of America) for similar services, UNDP shall be entitled to same lower price. The UNDP General Terms and Conditions shall have precedence.</p> <p>46.2 UNDP is entitled to receive the same pricing offered by the same Contractor in contracts with the United Nations and/or its Agencies. The UNDP General Terms and Conditions shall have precedence.</p> <p>46.3 The United Nations has established restrictions on employment of (former) UN staff who have been involved in the procurement process as per bulletin ST/SGB/2006/15 http://www.un.org/en/ga/search/view_doc.asp?symbol=ST/SGB/2006/15&referer</p>

Section 3. Bid Data Sheet

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

BDS No.	Ref. to Section.2	Data	Specific Instructions / Requirements
1	7	Language of the Proposal	English
2		Submitting Proposals for Parts or sub-parts of the TOR (partial bids)	Not Allowed Note: Proposer should submit proposal against the complete TORs requirements and for all locations.
3	20	Alternative Proposals	Shall not be considered
4	21	Pre-proposal conference	Will be Conducted Time: 1100 hrs. Thursday, 07th May 2020 Pre-Proposal conference will be held online through "ZOOM" software. Interested parties who wish to attend the online pre-proposal conference are kindly requested to send the name and company name to Haroon Gul at haroon.gul@undp.org by and before 1200 hours PST 06th May 2020 , in order to share the zoom meeting ID. The Proposer can submit the question through email three days before the deadline on pakistan.procurement.info@undp.org. (Please do mention RFP reference number in the email subject line).
5	10	Proposal Validity Period	90 days
6	14	Bid Security	Required PKR 300,000/- equivalent in USD 1818/-@ UN Exchange Rate 1 USD=164.972/-. The Original Bid Security should be sent to UNDP Office through courier at the following address on or before Wednesday 20th May 2020 at 12:30 pm and a scanned copy should be submitted through the e-Tendering system.

			<p>UNDP-RFP-2020-097 UNDP Registry, Quotation/Bids/Proposals United Nations Development Programme Serena Business Complex, 2nd Floor, Khayaban e Suharwardy, Islamabad, Pakistan Tel: 051-8355600 Fax: 051-2600254-5</p> <p>Acceptable forms of Bid Security: <input checked="" type="checkbox"/> Form of Bid Security (See Section 6, FORM - H for template) <input checked="" type="checkbox"/> Any Bank-issued Check / Cashier's Check / Certified Check In the name of "UNDP Representative Rupee Account" for local bidders or "UNDP Representative Dollar Account" for international bidder.</p> <p>Validity of Bid Security: 120 days from the last day of bid submission.</p> <p>Bid security of unsuccessful bidders shall be returned after completion of procurement process.</p>
7	41	Advanced Payment upon signing of contract	Not Allowed
8	42	Liquidated Damages	Will not be imposed
9	40	Performance Security	<input checked="" type="checkbox"/> Not Required
10	18	Currency of Proposal	<input checked="" type="checkbox"/> United States Dollars (US\$) <input checked="" type="checkbox"/> Local Currency i.e. PAK Rupees In case of US\$, the UN Rate of Exchange of respective month shall apply when proposal submission period closes. The Local vendor will be paid in PKR.
11	31	Deadline for submitting requests for clarifications/ questions	Five (05) days before the submission date.
12	31	Contact Details for submitting clarifications/questions	Focal Person in UNDP: Haroon Gul- Procurement Assistant Address: UNDP Country Office, 4th Floor, Serena Business Complex, Pakistan. E-mail address: pakistan.procurement.info@undp.org

13	18, 19 and 21	Manner of Disseminating Supplemental Information to the RFP and responses/clarifications to queries	<p>Direct communication to prospective Proposers by email and Posting on the following websites</p> <p>http://www.pk.undp.org/content/pakistan/en/home/operations/procurement0/</p> <p>AND</p> <p>https://etendering.partneragencies.org</p> <p>Please keep visiting the above websites till the closing date for additional information and updates.</p>
14	23	Deadline for Submission	<p>20th May 2020 (12:30 PM Pakistan Standard Time OR 03:30 AM EDT).</p> <p>PLEASE NOTE :-</p> <ol style="list-style-type: none"> 1. Date and time visible on the main screen of event (on e-tendering portal) will be final and prevail over any other closing time indicated elsewhere, in case they are different. Please also note that the bid closing time shown in the PDF file generated by the system is not accurate due to a technical glitch that we will resolve soon. The correct bid closing time is as indicated in the e-tendering portal and system will not accept any bid after that time. It is the responsibility of the bidder to make sure bids are submitted within this deadline. UNDP will not accept any bid that is not submitted directly in the system. 2. Submit your bid a day prior or well before the closing time. Do not wait until last minute. If you face any issue in submitting your bid at the last minute, UNDP may not be able to assist.
14	22	Allowable Manner of Submitting Proposals	<p><input checked="" type="checkbox"/> Online bidding in E-tendering module.</p>
15	22	Proposal Submission Address	<p>To be submitted in e-Tendering system:</p> <p>https://etendering.partneragencies.org</p> <p>Note: Detailed instructions on how to register, submit, modify or cancel a bid in the eTendering system are provided in the e-Tendering system Bidder User Guide and Instructional videos available on this link:</p> <p>http://www.undp.org/content/undp/en/home/operations/procurement/business/procurement-notices/resources/</p>

16	22	Electronic submission (e-Tendering) requirements	<ul style="list-style-type: none"> Format: PDF files only File names must be maximum 60 characters long and must not contain any letter or special character other than from Latin alphabet/keyboard. All files must be free of viruses and not corrupted. Password for Financial Proposal and Financial Proposal Submission Form <u>must</u> not be provided to UNDP until requested by UNDP (see note below) <p>Note:</p> <ul style="list-style-type: none"> The Proposer is required to prepare and submit the Financial Proposal and Financial Proposal Submission Form in a password protected PDF file separate from the rest of the proposal submission as indicated in the Instructions to Proposers. Password for the Financial Proposal and Financial Proposal Submission Form must not be provided to UNDP until it is formally requested by UNDP focal point indicated below: haroon.gul@undp.org
17	27 36	Evaluation Method for the Award of Contract	<p>Lowest Financial Offer among Technically Responsive and Qualified Proposals</p> <p>Where the minimum passing score of technical proposal is 70%.</p>
18		Expected date for commencement of Contract	<i>June 15, 2020</i>
19		Maximum expected duration of contract	Expected duration of Long-Term Agreement (LTA) is one year. However, LTA may be extended for further two years (on yearly basis) based on satisfactory performance of services.
20	35	UNDP will award the contract to:	One Proposer Only
21	39	Type of Contract	<p>Purchase Order and Contract for Goods and Services for UNDP</p> <p>http://www.undp.org/content/undp/en/home/procurement/business/how-we-buy.html</p> <p>UNDP will issue Purchase Order to the LTA holder on as and when required basis for each individual assignment as a call off mechanism.</p>
22	39	UNDP Contract Terms and Conditions that will apply	<p>UNDP General Terms and Conditions for Professional Services</p> <p>http://www.undp.org/content/undp/en/home/procurement/business/how-we-buy.html</p>

23		Other Information Related to the RFP	<p>Technical, Financial Proposal and Financial Proposal Submission Forms should be submitted in separate PDF files and Financial Proposal and Financial Proposal Submission Form must be password protected.</p> <p>Note:</p> <p>While entering financial proposal in the e-tendering system, always mention your bid price as PKR 1. Please do not mention the value of your Financial Proposal and Financial Proposal Submission Form in the e-tendering system. It should only be mentioned in the Password Protected File/Attachment of Financial Proposal and Financial Proposal Submission Form. The proposals of those organizations who would reveal their financial proposal value in the e-tendering system will be considered as disqualified.</p>
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Section 4. Evaluation Criteria

Preliminary Examination Criteria

Proposals will be examined to determine whether they are complete and submitted in accordance with RFP requirements as per below criteria on a Yes/No basis:

- Appropriate signatures
- Power of Attorney
- Minimum documents provided- as mentioned in Form-B
- Technical and Financial Proposals and Financial Proposal Submission Form submitted separately
- Bid Validity
- Proposal Security submitted as per RFP requirements with compliant validity period.

Minimum Eligibility and Qualification Criteria

Eligibility and Qualification will be evaluated on Pass/Fail basis.

If the Proposal is submitted as a Joint Venture/Consortium/Association, each member should meet minimum criteria, unless otherwise specified in the criterion.

Subject	Criteria	Document Submission requirement
ELIGIBILITY		
Legal Status	Vendor is a legally registered entity.	Form B: Bidder Information Form
Legal Status/ Tax payer	Tax Registration/Payment Certificate issued by the Internal Revenue Authority	Form B: Bidder Information Form
Financial proposals is Password Protected	Technical and Financial proposals should be submitted as separate PDF files. Financial Proposal and Financial Proposal Submission Form must be password protected	Form B: Bidder Information Form
Eligibility	Vendor is not suspended, nor debarred, nor otherwise identified as ineligible by any UN Organization or the World Bank Group or any other international Organization in accordance with RFP clause 3.	Form A: Technical Proposal Submission Form
Conflict of Interest	No conflicts of interest in accordance with RFP clause 4.	Form A: Technical Proposal Submission Form
Bankruptcy	Not declared bankruptcy, not involved in bankruptcy or receivership proceedings, and there is no judgment or pending legal action against the vendor that could impair its operations in the foreseeable future.	Form A: Technical Proposal Submission Form
QUALIFICATION		

History of Non-Performing Contracts¹	Non-performance of a contract did not occur as a result of contractor default for the last 3 years.	Form D: Qualification Form
Litigation History	No consistent history of court/arbitral award decisions against the Bidder for the last 3 years.	Form D: Qualification Form
Previous Experience	<p>For Local Bidders: "Category A" Chartered accountant Firms (Chartered Accountants) must be on the Panel of Auditors maintained by State Bank of Pakistan Under Section 35(1) of Banking Companies Ordinance, 1962.</p> <p>For International Bidders: Their Respective country regulatory authority's "Category A" rated firms are eligible to apply.</p>	Form D: Qualification Form
	<p>Minimum 10 years of demonstrated experience in the field of audit and assurance services in the development sector including with government or NGOs.</p> <p><i>(For JV/Consortium/Association, all Parties cumulatively should meet requirement - Not Applicable)</i></p>	Form D: Qualification Form
Financial Standing	<p>Current ratio should be more than 1 for last two years (2017-18 & 2018-19).</p> <p><i>(For JV/Consortium/Association, all Parties cumulatively should meet requirement) - Not Applicable)</i></p>	Form D: Qualification Form
	<p>Bidder must demonstrate the current soundness of its financial standing and indicate its prospective long-term profitability.</p> <p><i>(For JV/Consortium/Association, all Parties cumulatively should meet requirement - Not Applicable)</i></p>	Form D: Qualification Form

Technical Evaluation Criteria

Note:

Technical Submission Requirements:

The technical proposal should include at a minimum the following

- a. Description and understanding of services offered
- b. Proposed methodology for each service offered
- c. Staffing level and seniority proposed for each service offered
- d. Timelines for each service offered
- e. Firm's size and ability to scale up services for additional services requested
- f. Geographical presence of the firm in Pakistan
- g. Geographical reach in Pakistan

It will be critical for UNDP that the prospective service provider has clearly demonstrated that they understand the work involved and that their proposal reflects this. Prospective service providers should review the annexures provided to ensure that they understand:

- ***Activities that are required to be performed to fully discharge their responsibility for the assignment.***
- ***The resourcing requirements both in terms of workload and qualifications.***
- ***The reporting requirements especially the time required to finalize reports.***

Summary of Technical Proposal Evaluation Forms		Score Weight	Points Obtainable
1.	Expertise of Firm / Organization (Eligibility and qualifications)	30%	210
2.	Proposed Methodology, Approach and Implementation Plan	40%	280
3.	Management Structure and Key Personnel	30%	210
	Total		700

Form 1 Technical Proposal Evaluation		Points obtainable
Expertise of the Firm/Organization		
1.1	Minimum three similar Contracts with National/Multinational Organizations. (Please provide copies of contracts as evidence).	30

	(Each Contracts Carry 10 Marks).	
1.2	<p>Organizational Commitment to Sustainability:</p> <ul style="list-style-type: none"> Organization is compliant with ISO 14001 or ISO 14064 or equivalent. (2.5 marks) Organization is a member of the UN Global Compact. (2.5 marks) <p>Organization demonstrates significant commitment to sustainability through some other means- (5 Marks), for example internal company policy documents on women empowerment, renewable energies or membership of trade institutions promoting such issues.</p>	10
1.3	<p>05 years of experience of providing HACT related service to UN agencies</p> <p>1-3 Years of Experience (20 Marks)</p> <p>3-5 Years of Experience (30 Marks)</p> <p>More than 5 Years of Experience (50 Marks)</p>	50
1.4	<p>Included in the satisfactory QCR list of respective country's regulatory authority (Last 3 QCR ratings)</p> <p>(5 Marks for each Year)</p>	15
1.5	<p>Proof of satisfactory performance certificate from the top three clients – 2 should be from UN agencies (05 marks for each satisfactory performance certificate provided)</p>	15
1.6	<p>Number of Partners of the Firm (to ascertain the quantum of work that the firm can handle)</p> <p>1-3 Partners (10 Marks)</p> <p>3-5 Partners (20 Marks)</p> <p>More than 5 Partners (25 Marks)</p>	25
1.7	<p>Number of FCAs and ACAs in the firm (to assess the quality and quantity of personnel available to judge the firm's ability to scale up its services to UNDP)</p> <p>1-3 Partners (10 Marks)</p> <p>3-5 Partners (20 Marks)</p> <p>More than 5 Partners (30 Marks)</p>	30
1.8	<p>Provide at least one detail report for each below mentioned activities. Quality of the report will be evaluated on the basis of similarity of ToR's.</p> <ul style="list-style-type: none"> Micro Assessment report (10 Marks) Spot Check report (10 Marks) Scheduled Audit report following same format as in ToR (10 Marks) Third Party Validation Report (05 Marks) 	35
		210

Form 2		
Technical Proposal Evaluation		Points Obtainable
Proposed Methodology, Approach and Implementation Plan		
2.1	<p>Does the Proposer's submission cover all types of services described in the Terms of Reference?</p> <p>Above 90% = 20 Marks</p> <p>70% to 90% = 15 Marks</p> <p>Less than 70% = 5 Marks</p>	20
2.2	<p>Does the Proposer's submission cover all the geographical areas of Pakistan? Have they provided evidence of past assignments in all areas (i.e. the ability to get No Objection Certificates, where relevant)?</p> <p>Provide copies of No Objection Certificate (NOC).</p> <p>3 certificates = 20 Marks</p> <p>2 Certificates = 10 Marks</p> <p>01 Certificate= 05 Marks</p>	20
2.3	<p>To what degree does the Proposer's submission demonstrate an understanding of the required tasks for each type of service?</p> <p>Above 90% = 40 Marks</p> <p>70% to 90% = 30 Marks,</p> <p>Less than 70% = 10 Marks</p>	40
2.4	<p>To what degree does the Proposer's submission demonstrate an understanding of the UN Operational policies and procedures specially HACT Framework.</p> <p>Above 90% = 60 Marks</p> <p>70% to 90% = 50 Marks,</p> <p>Less than 70% = 10 Marks</p>	60
2.5	<p>Does the proposed approach and methodology covers each type of service and demonstrate firm's ability to deliver quality services?</p> <p>Above 90% = 60 Marks</p> <p>70% to 90% = 50 Marks,</p> <p>Less than 70% = 10 Marks</p>	60
2.6	<p>Does the time and resources assigned to each assignment seem appropriate to meet the policy and procedure requirements for each assignment?</p> <p>Above 90% = 40 Marks</p>	40

	70% to 90% = 30 Marks, Less than 70% = 10 Marks	
2.7	Is the presentation clear and is the sequence of activities and the planning logical, realistic and promise efficient implementation to the project? Above 90% = 40 Marks 70% to 90% = 30 Marks, Less than 70% = 10 Marks	40
Total		280

Technical Proposal Evaluation Form 3			Points Obtainable
Key Personnel			
3.1	Team Leader		75
	General Qualification Qualification (minimum FCA, FCCA or similar qualification)	25	
	15 years of experience of managing similar assignment's field 0-08 years' experience (10 marks) 09 years and up to 14 years (15 marks) 15 and above years (20 marks)	20	
	Prior experience of conducting similar project with UN Agencies	30	
3.2	Deputy Team Leader / Project Manager		75
	General Qualification Qualification (minimum ACA, ACCA or similar qualification)	25	
	10 years of relevant experience in the field 0-5 Years of experience (10 Marks) 06- 09 Years of experience (15 Marks) 10 and above years of experience (20 Marks)	20	
	Prior experience of conducting similar project with UN Agencies	30	
3.3	Senior Auditor		20
	General Qualification	10	

	Partly Qualified/CA Inter		
	Experience: Five years of relevant experience of similar assignment with UN or other Multinational Organization. (Each year carry 01 Mark)	05	
	Experience in drafting monitoring observation and reports	05	
3.4	Junior Auditor		20
	General Qualification Partly Qualified/CA Inter	10	
	Experience: Three years of relevant experience of similar assignment with UN or other Multinational Organization. 0-2 years of Experience (03 Marks) 3 and above years of experience (05 Marks)	05	
	Experience in drafting monitoring observation and reports	05	
3.5	Engineer		20
	General Qualification Bachelor of Civil engineer	10	
	Experience: Five years of relevant experience of similar assignment with UN or other Multinational Organization. (Each year carry 01 Mark)	05	
	Experience in drafting monitoring observation and reports	05	
	Total		210

Section 5A. Other Related Information

Value	LTAs are considered non-exclusive and estimated amounts are based on forecast of needs and the ceiling amount that will appear in the LTA will not constitute a commitment to place call-offs up to the ceiling amount.					
Duration of the LTA	The total expected duration of an LTA is three (3) years. LTA will be signed for an initial duration of one (1) year, with possibility of an extension for additional year(s) based on documented satisfactory performance of LTA holder(s).					
Previous Volume	Activity	Year 2017		Year 2018		Year 2019
		Number of	Geographical Area (Balochistan/Quetta, Islamabad, Rawalpindi, Lahore, Karachi, Peshawar, GB, AJK)	Number of	Geographical Area (Balochistan/Quetta, Islamabad, Rawalpindi, Lahore, Karachi, Peshawar, GB, AJK)	Number of
	Micro-assessments	7	Karachi (1), Peshawar (2), Islamabad (3), Lahore (1)	15	GB (1), Islamabad (4), Karachi (2), Lahore (3), Peshawar (4), Quetta (1)	8
	spot checks	0		11	Islamabad (2), Karachi (1), Quetta (1), Peshawar (6), Malakand (1)	15

	HACT Financial Audits (Scheduled Audits)	1	3 partners - Karachi, 1 partner - Hyderabad, 1 partner - Quetta, 8 partners - Islamabad, 1 in Rawalpindi, 20 partners-Peshawar,	1	2 partners - Karachi, 1 partners - Hyderabad, 2 partners - Lahore, 3 partners - Quetta, 6 partners - Islamabad, 1 in Rawalpindi, 3 partners-Peshawar,	1	2 partners - Karachi, 1 parrtner - Hyderabad, 2 partners -Quetta, 1 in Gwadar, 9 partners - Islamabad, 1 in Rawalpindi, 1 in Abottabad, 4 partners-Peshawar,
	Verifications/validatio ns			3	1 each in FATA, Baluchistan and Sindh		

Section 5. Terms of Reference

Terms of Reference

Provision of Assurance and Advisory Services

Appendix A: Terms of Reference of Overall Arrangement

Appendix B: Terms of Reference for Micro assessments

Appendix C: Terms of Reference for Spot Checks

Appendix D: Terms Of Reference For HACT Financial Audits (Scheduled Audits)

Appendix E: Third-Party Services for Validation of Project Activities & Financial Resources

Appendix F: Qualification/Special Knowledge/Experience

Appendix G: Technical Submission Requirements and Evaluation Criteria

Appendix H: Financial Proposal Template

APPENDIX A: TERMS OF REFERENCE OF OVERALL ARRANGEMENT

Background

United Nations Development Programme has adopted the 2014 revised UNDG Harmonized Approach to Cash Transfers (HACT) as a tool to ensure that funds transferred to partners are utilized as intended. Within the HACT framework there are the following four processes: (1) capacity assessments (macro assessment and micro assessment); (2) cash transfers and disbursements; (3) assurance activities; and (4) financial management capacity development. UNDP transfers cash to both governmental and non-governmental partners. UNDP provides cash transfers using modalities i.e. direct cash transfer (cash advance), reimbursement and direct payments (to partner's vendors), however, direct cash transfer represents the most commonly used modality of cash transfer.

Purpose

The purpose of this Long Term Arrangement (LTA) is to enter into a non-exclusive LTA with a professional services providers (Category A' Audit Firms (Chartered Accountants) on Panel of Auditors maintained by State Bank of Pakistan Under Section 35(1) of Banking Companies Ordinance, 1962) for local bidders and for international bidders their respective country regulatory authority's "Category A" rated firms, which is able to provide the professional services as described in Table 1

The final terms and conditions of the LTA will allow other UN agencies to make use of this LTA for the services in scope. However, UNDP is in no way inferring that such agencies will use this LTA nor should any minimum amount of services be assumed.

Note:

- UNDP will not be liable to provide the security to the selected firm and it is the responsibility of the selected firm to arrange the security of its employees.

Scope of Work

Service Providers are encouraged to study Annexes B to E closely to ensure that they understand the nature of the services that need to be rendered. Based on the 2014 UNDG HACT Framework, additional guidance and updates provided from time to time, UNDP has made significant changes to the technical requirements for the different HACT assurance services, therefore previous continuous involvement in UNDP/UN HACT assurance

activities will be an asset to demonstrate a thorough understanding of UNDP's current requirements in respect of HACT related assurance services.

Table 1: Scope of professional services

Sr. #	Service	Terms of reference, including output	Comments
1	Micro assessment	Appendix B: Terms of Reference for Micro Assessment	Required for all partners (IPs/RPs) receiving more than \$300,000 per programme cycle (must be re-assessed at least every 5 years) and/or discretion of UNDP based on other risk considerations e.g. no previous experience with the Partner or the operating environment is considered high risk.
2	Spot checks	Appendix C: Terms of Reference for Spot Checks UNDP	Required for all partners (IPs/RPs) receiving more than \$300,000 per programme cycle with increased frequency for higher value of cash transfers, higher risk partners and partners with poor results of due diligence.
3	HACT Financial Audits (Scheduled Audits) ²	Appendix D: Terms of Reference for HACT Financial Audit	Required for all partners that received more than a predetermined amount of funds from UNDP. Selection of IPs/RPs under HACT Financial Audit is dependent on the Risk Rating for the Country Office assigned annually by UNDP OAI based on prior-year HACT Financial Audit results. Format of the Report must be in accordance with the sample report format in the Annex 3 of the HACT Financial Audit ToR
4	Third-Party Services for	Appendix E: Third-Party Services for Validation of	Triggered as a result of specific issues and concerns arising during the programme cycle.

² This will also include Special Audits whose Terms of Reference will be developed based on the requirements for such an audit during the year. Special audits are consistent in scope with scheduled audits but are triggered as a result of specific issues and concerns arising during the programme cycle. The special audit may focus on financial or internal controls, depending on the nature of the potential or identified issues. The process for a special audit is consistent with that noted above for scheduled audits

Sr. #	Service	Terms of reference, including output	Comments
	Validation of Project Activities & Financial Resources	Project Activities & Financial Resources	
5	Special audits	The specific terms of reference and outputs will be developed in accordance with the issue that triggered the special audit.	Triggered as a result of specific issues and concerns arising during the programme cycle. Examples include operational audits, financial audit and investigative procedures.
6	Follow-up on recommendations	Specific to cases of recurring medium/high-risk spot check and audit findings with financial impact (ineligible/unsupported amounts claimed). UNDP may work with partner to identify evidence to clear the finding. Evidence collected by UNDP and/or partner is reviewed by the service provider to determine if the finding resulting in financial impact (ineligible/unsupported amounts claimed) have been resolved.	As requested.
7	Financial management capacity development	The specific terms of reference and outputs will be developed according to the specific capacity development activity.	Financial management capacity development will be advisory services to assist partners in the remediation of issues identified by micro assessments and assurance activities.
8	Summary report	An annual summary report providing trend analysis of common weaknesses in micro assessments, spot checks and audits across countries, regions and global operations.	To be provided to UNDP headquarters 15 January each year.

Sr. #	Service	Terms of reference, including output	Comments
9	Other related advisory services	The specific terms of reference and outputs will be developed according to the specific advisory services requirement.	Possible services include quality assurance activities, strategic advice on establishing thresholds for audit, micro assessment and spot check sample size.

Volume of Work

As at the date of this RFP, it is difficult to provide estimates about the volume of services required per year. This is due to the fact that the request for services will be driven by the number of and volume of partners for each project which varies from year to year. Previous volume of work mentioned on Section 5A.

Coordination

The HACT Focal Point in UNDP Islamabad, Pakistan Country Office will be the primary point of contact.

Reports

Upon signing of Long Term Agreement, UNDP and the service provider will jointly agree on the exact report specifications of the deliverables of Appendix B, C, D and E as well as the Summary Report. However, the report specification will be in accordance with all agreed upon reporting templates of the UNDG HACT Framework (2014) comprising of the engagement specific terms of reference annexed with this RFP. These jointly agreed report templates are to be used by the service provider in all countries where work is being undertaken through this LTA.

Final reports are to be issued by the service provider directly to UNDP. UNDP will share the final report(s) with the partner and other UN agencies. The service provider will not share any deliverable to any other party, including donors providing funding for the specific project or programme.

Any indication included in any deliverable restricting its distribution and/or use will be null and void.

Reports are to be provided in Word or Excel format, as appropriate (or as may be further specified in the specific terms of reference). Where the service provider's internal policies

require the final signed version to be provided only in PDF, UNDP will accept the PDF version accompanied by a Word/Excel version with same content but without signature and/or branding (as per service provider's internal policies).

Timing and Schedules

Services are required throughout the year and as scheduled by UNDP. The service provider will plan accordingly and ensure resources are available to meet office needs as required.

Other Pertinent Matters

In the delivery of any services under this LTA, cases which indicate fraud or presumptive fraud will be brought to the immediate attention of the designated person in UNDP without waiting for the issuance of the audit/spot check report.

The service provider is to maintain working papers supporting audit/spot-check work at its premises for five years. UNDP shall on request have access to the working paper documentation. At the request of UNDP, the service provider is to brief subsequent service providers on the details of the results of any work carried out under this LTA.

Professional experience and qualification of each service provider staff member are expected to meet or exceed specific requirements listed in each individual terms of reference contained in the LTA. UNDP reserves the right to request CVs for each service provider staff member that will be carrying out any work under this LTA. UNDP reserves the right to request the service provider to provide replacement staff where UNDP feels CVs do not meet minimum requirements as per the specific terms of references.

The staff of the service provider providing services to UNDP is required to review UNDG HACT Framework, UNDP HACT related policies and procedures (provided upon contract award) and other pertinent background material in order to provide quality services to UNDP.

Successful Bidder will maintain separate reporting and communication lines with UNDP (and another other UN agency whom may avail of any LTA established as a result of this RFP).

Other UN agencies using this LTA shall be bound by the provisions of this LTA in respect of each other only to the extent that each UN agency has actually placed, and the LTA

holder (s) has accepted, any Purchase Orders in accordance with this LTA, and the placing of any Purchase Orders by each UN agency shall not under any circumstance render each UN agency jointly and severally liable with other organization of UN for the obligations of another UN agency arising out of or in connection with this LTA.

Successful Bidder shall accord the same terms and conditions to any other organization within the United Nations System that wishes to avail of such terms, after written consent from UNDP.

APPENDIX B: TERMS OF REFERENCE FOR MICRO ASSESSMENTS Performed by Third Party Service Provider:

This TOR has been developed to guide United Nations agencies, third party service providers and IPs through the objectives, scope, timing and deliverables of performing micro assessments.

Objective and scope of the micro assessment

The micro assessment is performed by a third party service provider and includes a site visit to the IP. The assessment primarily consists of interviews with IP personnel and a review of relevant documentation sufficient to complete the micro assessment questionnaire (Annex 2). The questionnaire provides an overall risk rating based on responses provided:

- **_Low risk** – Indicates a well-developed financial management system and functioning control framework with a low likelihood of negative impact on the IP's ability to execute the programme in accordance with the work plan.
- **_Medium Risk** – Indicates a developed financial management system and control framework with moderate likelihood of potential negative impact on the IP's ability to execute the programme in accordance with the work plan.

- **_Significant Risk** – Indicates an underdeveloped financial management system or control framework with a significant likelihood of potential negative impact on the IP's ability to execute the programme in accordance with the work plan.

- **_High Risk** – Indicates an underdeveloped financial management system and control framework with a significant likelihood of potential negative impact on the IP's ability to execute the programme in accordance with the work plan.

The micro assessment assesses the IP's financial management capacity (i.e. accounting, procurement, reporting, internal controls, etc.) to determine the overall risk rating and assurance activities.

Timing

The assessment should be completed (including the site visit) within four weeks of engaging the service provider. The HACT focal point and/or inter-agency coordinator will introduce the service provider and the IP to aid coordination of the site visit.

Micro Assessment Procedures/Deliverables

The third party service provider receives general information regarding the IP and the programme from the HACT focal point and/or the inter-agency coordinator in preparation for the assessment (see Annex I for details).

The service provider reviews this documentation in advance of performing a site visit to the IP. The service provider should also provide the IP with an advance request of the documents and interviews they would like to have while on site, to ensure efficient use of time while on-site.

The third party service provider also completes the micro assessment questionnaire (Annex II, with instructions) based on the procedures performed during the assessment period. The service provider discusses the results of the questionnaire with relevant agency personnel and the HACT focal point before finalizing it. Upon finalization, the service provider delivers an executive summary, detailing the overall risk rating and specific identified risks, and the completed questionnaire.

Qualifications of the Third Party Service Provider

The third party service provider should be experienced in performing assessments similar to a micro assessment and assessing risks related to organizational financial management capacity (i.e. accounting, reporting, procurement and internal controls). The service provider should also have knowledge of the United Nations system and the development sector.

CVs of all members of the assessment team should be provided and should include details on engagements carried out by relevant staff, including ongoing assignments indicating responsibilities assumed by them and their qualifications and experience in undertaking similar assessments.

Items to be Provided to the Third Party Service Provider before Fieldwork Begins

The agency provides the following documentation before starting fieldwork:

- _Agency work plan, Common Country Assessment and CPD, or equivalent;
- _Macro assessments previously performed in the country; and
- _Any other documentation that may help the service provider better understand the country context from a United Nations perspective.

The third party service provider should review the information received before performing the assessment.

Annex 1. Programme-specific Information

Implementing partner name:	
Programme name:	
Programme number:	
Programme background:	
Programme location:	
Programme contact person(s):	
Location of records:	
Currency of records maintained:	
Period of transactions covered by micro assessment:	
Funds received during the period covered by the attestation engagement:	
Expenditures incurred/reported during the period covered by the attestation engagement:	
Intended start date of micro assessment:	
Estimated number of days required for visit to IP:	
Any special requests to be considered during the micro assessment:	
Cash transfer modality used by the IP:	

Micro Assessment Questionnaire**Micro Assessment Questionnaire**

Implementing Partner:

Date: _____

Instructions: This questionnaire contains various questions related to nine subject areas, summarized further below. Please answer each question by indicating your response as 'Yes', 'No' or 'N/A' (for 'not applicable'). Also, use the 'Comments' section next to each question to provide details of your assessment or to highlight any important matters. This document will be referenced subsequently by the agency when performing additional assurance activities related to the IP. Sufficient details should be provided in this document for the agency to understand the details of each response.

Assign a risk rating (high, significant, moderate or low) for each question based on the response obtained. (For example, if the question addresses an item that should ideally be marked 'Yes' but was marked 'No', it should be assessed for the level of risk it presents to the IP's financial management system). Assigning risk ratings to each question requires judgment by the assessor as to how the response will affect the IP's financial management system. The risk ratings to be used are:

- **High** – Response to question/subject matter provides a risk to the overall financial management system that has both a high likelihood of occurring and a potentially negative impact on the IP's ability to execute the programme in accordance with the work plan⁷ and stated objectives. Additionally, this risk has not been mitigated by any other controls/process that have been implemented by the IP;
- **Significant** – Response to question/subject matter provides a risk to the overall financial management system that has either a significant likelihood of occurring or a potentially negative impact on the IP's ability to execute the programme in accordance with the work plan and stated objectives;
- **Medium** – Response to question/subject matter provides a risk to the overall financial management system that has a moderate likelihood of occurring and a potentially negative impact on the IP's ability to execute the programme in accordance with the work plan and stated objectives; or
- **Low** – Response to question/subject matter provides a risk to the overall financial management system that has a low likelihood of occurring and a potentially negative impact on the IP's ability to execute the programme in accordance with the work plan and stated objectives.

⁷ Agency work plans can be annual, multi-year, rolling or joint.

To determine the overall risk assessment for a subject matter section (e.g., Section 1. Implementing Partner), points are assigned that correlate with the level of risk. The points assigned to each question should be totaled and averaged based on the number of questions in the subject matter section. Questions that are not applicable to the IP (marked as 'N/A') should not be assigned a risk rating and should be removed from the total number of questions for the calculation. Points should be assigned as follows:

- H – High risk: 4 points
- S – Significant risk: 3 points
- M – Moderate risk: 2 points
- L – Low risk: 1 point

The average number of points calculated should then be compared to the points rating above and assigned a corresponding risk (i.e., an average of 2.0 would indicate a moderate risk rating for the subject matter section). Numbers should be rounded as follows:

- 0.1 to 0.49: Round down to the closest whole number (i.e., an average of 3.3 would be rounded down to 3.0, indicating a 'significant' risk rating);
- 0.5 to 0.99: Round up to the closest whole number (i.e., an average of 1.99 would be rounded up to a 2.0, indicating a 'moderate' risk rating).

The same process should be followed for determining the overall risk assessment for the IP once the checklist has been completed

Summary of Risks Related to the Financial Management Capacity of the Implementing Partner				
Tested subject area (see subsequent pages for details of each subject area summarized below)				
	Total number of risk points	Total number of applicable questions	Overall risk assessment	Comments
1. Implementing partner:				
2. Funds flow:				
3. Organizational structure and staffing:				
4. Accounting policies and procedures:				
5. Internal audit:				
6. Financial audit:				
7. Reporting and monitoring:				
8. Information systems:				
9. Procurement:				
Total:				Divide the total number of risk points by the total number of applicable questions in the subject matter section. This amount should be rounded as detailed on page 1 of this checklist and assigned an overall risk rating.

Micro Assessment Questionnaire

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
1. Implementing partner						
1.1 Is the IP legally registered? If so, is it in compliance with registration requirements? Please note the legal status/registration of the entity. <i>Retain copies of registration documents if available.</i>				IP is registered in the country where the programme operates and is current with registration/reporting requirements.		
1.2 Has the IP received United Nations resources in the past? If so, provide details of amounts, from which agency and for what purpose.				IP has received United Nations resources in the past and no issues were encountered with utilizing these funds.		
1.3 Does the IP have statutory reporting requirements? If so, are they in compliance with such requirements? Please describe.				The IP is compliant with applicable statutory requirements.		
1.4 Is the governing body for the IP independent from management? If so, please describe.				The governing body of the IP is independent from management.		
1.5 Does the IP have any pending legal actions against it? <i>Confirm this with the IP, and possibly through assessment of the general ledger and confirmation with external legal counsel provided by the IP. Provide details and actions taken by the IP to resolve the legal action.</i>				The IP does not have any pending legal actions against it.		
Total number of questions in subject area:	5					
Number of questions marked 'N/A' in subject area:						
Total number of applicable questions in subject area:						
Total number of risk points:						

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
Implementing partner overall risk assessment:						Divide total number of risk points by total number of applicable questions in subject matter section. This amount should be rounded as detailed on page 1 of this checklist and assigned an overall risk rating.
2. Funds Flow						
2.1 Can the IP easily receive and transfer funds? If so, please describe the process.				The IP can receive funds directly from the agency.		
2.2 Are the proposed arrangements to transfer the funds to the IP satisfactory to the funding agency?				The proposed arrangements are satisfactory to the funding agency.		
2.3 Have there been major problems in the past in receipt of funds by the IP, particularly where the funds flow from government ministries (if applicable)? If so, please describe.				The IP has not had problems in the past regarding receipt of agency funding.		
2.4 In the past, has the IP had any problems in the management of funds received? If so, please describe.				The IP has not had problems in the management of funds received from the funding agency.		
2.5 Does the IP have capacity to manage foreign exchange risks? (If it is expected to be using funds outside the country.) If so, does the IP have experience managing foreign exchange risk?				The IP has capacity and experience in managing foreign exchange risk.		
2.6 Does the IP have a process in place to access counterpart funds? Please describe.				The IP has capacity and experience in assessing counterpart funds.		

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
2.7 If some activities will be implemented by others, such as civil society groups or non-governmental organizations, does the IP have the necessary reporting and monitoring mechanisms to track the use of funds? Does the IP have experience with implementation of activities by external civil society or non-governmental organizations? If so, please describe.				The IP has the necessary reporting and monitoring mechanisms in place to track the use of funds by external organizations. The IP also has experience with this process.		
Total number of questions in subject area:	7					
Number of questions marked 'N/A' in subject area:						
Total number of applicable questions in subject area:						
Total number of risk points:						
Funds flow overall risk assessment:						Divide total number of risk points by total number of applicable questions in subject matter section. This amount should be rounded as detailed on page 1 of this checklist and assigned an overall risk rating.
3. Organizational Structure and Staffing						
3.1 Is the organizational structure of the IP's accounting/finance department appropriate for the level of financial volume? Does the organizational structure provide clear lines of reporting and accountability? If so, please describe. <i>Attach an organization chart if available.</i>				The organizational structure of the IP's accounting/finance department is appropriate for the level of financial volume (including funding from the agency).		
3.2 Are the level of posts and competency of staff appropriate for the level of financial volume in the accounting/finance				The level of posts and competency of staff are		

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
department? Identify the staff, including job titles, responsibilities, educational backgrounds and professional experience. <i>Attach job descriptions and CVs of key accounting/finance staff.</i>				appropriate for the level of financial volume in the accounting/finance department.		
3.3 Is the IP's accounting/finance function staffed adequately to ensure sufficient controls are in place to manage agency funds? If so, please describe.				The IP's accounting/finance function is staffed adequately to ensure sufficient controls are in place to manage agency funds.		
3.4 Are accounting/finance staff familiar with United Nations procedures related to cash transfers (specifically the HACT framework)? If so, please provide details.				The accounting/finance staff are familiar with United Nations procedures related to cash transfers (specifically the HACT framework).		
3.5 Are there vacancies in positions considered key? If so, provide the estimated date of appointment.				The IP does not have any vacancies in positions considered key.		
3.6 Are staff frequently transferred to other departments, offices, countries, etc.? If so, what is the estimated frequency?				IP staff are not frequently transferred to other departments, offices, countries, etc.		
3.7 Does the IP have training policies for accounting/finance staff? Are necessary trainings undertaken? If so, please describe.				The IP has training policies for accounting/finance staff, which are undertaken as planned.		
3.8 Has there been significant turnover in the past five years? If so, has the rate improved or worsened? Does it appear to be a problem? If so, what is the IP doing to address this				The IP has not had significant turnover in the past five years.		

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
issue?"						
3.9 Does the IP perform background verification/checks on all new accounting/finance and management positions? If alternative practices for processing new hires are in place, please provide a brief description.				The IP performs background verification/checks on all new accounting/finance and management positions.		
3.10 Does the IP have a defined and documented internal control framework? Is this framework consistent with international standards? If so, please describe.						
Total number of questions in subject area:	10					
Number of questions marked 'N/A' in subject area:						
Total number of applicable questions in subject area:						
Total number of risk points:						
Organizational structure and staffing overall risk assessment:						Divide total number of risk points by total number of applicable questions in subject matter section. This amount should be rounded as detailed on page 1 of this checklist and assigned an overall risk rating.
4. Accounting Policies and Procedures						
4a. General						
4.1 Does the IP have an accounting system that allows for proper recording of financial transactions from United Nations agencies, including allocation of expenditures in accordance with the respective components, disbursement categories and sources of funds?				The IP has an accounting system that allows for proper recording of financial transactions from United Nations agencies, including		

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
				allocation of expenditures in accordance with the respective components, disbursement categories and sources of funds.		
4.2 Are controls in place concerning preparation and approval of transactions, ensuring that all transactions are correctly made and adequately explained?				Controls are in place concerning preparation and approval of transactions, ensuring that all transactions are correctly made and adequately explained.		
4.3 Is the chart of accounts adequate to properly account for and report on activities and disbursement categories?				The chart of accounts is adequate to properly account for and report on activities and disbursement categories in accordance with the established agreements.		
4.4 Are controls in place for accurate cost allocations to the various funding sources in accordance with established agreements?				Controls are in place for accurate cost allocations to the various funding sources in accordance with established agreements.		
4.5 Are the general ledger and subsidiary ledgers reconciled at least monthly? Are explanations provided for significant reconciling items?				The general ledger and subsidiary ledgers are reconciled at least monthly, and explanations are provided for significant reconciling items.		
4.6 Are all accounting and supporting documents retained permanently in a defined system that allows authorized				Accounting and supporting documents are retained		

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
users easy access? If so, please describe.				permanently in a defined system that allows authorized users easy access.		
4.7 Does the IP have policies and procedures for tracking and reporting United Nations resources as required in the HACT framework? If so, please describe.				The IP has policies and procedures for tracking and reporting United Nations resources as required in the HACT framework.		
4b. Segregation of duties						
4.8 Are the following functional responsibilities performed by different units or individuals: (a) authorization to execute a transaction; (b) recording of the transaction; and (c) custody of assets involved in the transaction?				The following functional responsibilities are performed by different units/individuals: (a) authorization to execute a transaction; (b) recording of the transaction; and (c) custody of assets involved in the transaction.		
4.9 Are the functions of ordering, receiving, accounting for and paying for goods and services appropriately segregated?				The functions of ordering, receiving, accounting for and paying for goods and services are appropriately segregated.		
4.10 Are bank reconciliations prepared by individuals other than those who make or approve payments?				Bank reconciliations are prepared by individuals other than those who make or approve payments.		
4c. Budgeting system						
4.11 Do the IP's budgets lay down physical and financial targets?				The IP's budgets lay down physical and financial targets.		

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
4.12 Are IP budgets prepared for all significant activities in sufficient detail to provide a meaningful tool for monitoring subsequent performance?				IP budgets are prepared for all significant activities in sufficient detail to provide a meaningful tool for monitoring subsequent performance		
4.13 Are actual expenditures compared to the budget with reasonable frequency? Are explanations required for significant variations from the budget?				Actual expenditures are compared to the budget with reasonable frequency, and explanations are required for significant variations from the budget.		
4.14 Are approvals required prior to significant variations from the budget?				Approvals are required prior to significant variations from the budget.		
4.15 Does the IP have a designated individual(s) responsible for preparation and approval of budgets related to agency funding?				The IP has a designated individual(s) responsible for preparation and approval of budgets related to agency funding.		
4.16 Are procedures in place to plan activities, collect information from the units in charge of the different components and prepare the budgets? If so, please describe.				Procedures are in place to plan activities, collect information from the units in charge of the different components and prepare the budgets.		
4.17 Are the plans and budgets of activities realistic, based on valid assumptions and developed by knowledgeable individuals?				The plans and budgets of activities appear to be realistic, based on valid assumptions, and developed by knowledgeable individuals.		

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
4d. Payments						
4.18 Do invoice processing procedures provide for: <ul style="list-style-type: none"> Copies of purchase orders and receiving reports to be obtained directly from issuing departments? Comparison of invoice quantities, prices and terms with those indicated on the purchase order and with records of goods actually received? Checking the accuracy of calculations, if any? 				Invoice processing procedures are sufficient, including: receiving copies of purchase orders and receiving reports directly from issuing departments; comparing invoice quantities, prices and terms with those indicated on the purchase order and with records of goods actually received; and checking the accuracy of calculations (if any).		
4.19 Can the IP identify tax-exempt activities to ensure tax is not paid?				The IP has the ability and experience to indentify tax-exempt activities and ensure tax is not paid.		
4.20 Are all invoices stamped ' <i>PAID</i> ', dated, reviewed and approved, and clearly marked for account code assignment?				Invoices are stamped ' <i>PAID</i> ', dated, reviewed and approved, and clearly marked for account code assignment.		
4.21 Do controls exist for preparation and approval of payroll expenditures? Are changes properly authorized? If so, please describe.				Controls exist for the preparation and approval of payroll expenditures and changes are properly authorized.		
4.22 Do controls exist for expense categories that do not originate from invoice payments, such as DSA, travel, consultancies?				Controls exist for expense categories that do not originate from invoice payments, such as		

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
				DSA, travel, consultancies.		
4e. Policies and procedures						
4.23 Does the IP have a single stated basis of accounting (e.g., cash or accrual)? If so, please describe.				The IP has a single basis of accounting.		
4.24 Does the IP have an established accounting manual sufficient to ensure control of assets and proper use of agency funds? Are internationally accepted accounting standards followed? If so, which standard?				The IP has an established accounting manual sufficient to ensure control of assets and proper use of agency funds. This manual follows an internationally accepted accounting standard.		
4.25 Does the IP have an adequate policies and procedures manual to guide activities and ensure staff accountability? If so, please describe.				The IP has an adequate policies and procedures manual to guide activities and ensure staff accountability.		
4.26 Do procedures exist to ensure that only authorized persons can alter or establish a new accounting principle, policy or procedure to be used by the IP?				The IP has procedures in place to ensure that only authorized persons can alter or establish a new accounting principle, policy or procedure.		
4.27 Are there written policies and procedures covering all routine financial management and related administrative activities? Are these accessible? Please describe.				There are accessible written policies and procedures covering all routine financial management and related administrative activities.		

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
4.28 Do policies and procedures clearly define ‘conflict of interest’ and ‘related party transactions’ (real and apparent) and provide safeguards to protect the organization from them? If so, please describe.				The IP has well-defined policies and procedures for ‘conflict of interest’ and ‘related party transactions’ (real and apparent) that provide adequate safeguards to protect the organization from them.		
4.29 Are manuals distributed to appropriate personnel? If so, please describe the manuals and the personnel who receive them.				Manuals are distributed to appropriate personnel.		
4f. Cash and banks						
4.30 Are there authorized signatories on the bank accounts that will be used for United Nations resources? How many signatories are on the bank account and how many are required to execute transactions? If so, provide names.				The IP has signatories on the bank accounts that will be used for United Nations resources and more than one signatory is required for each transaction.		
4.31 Does the IP maintain an adequate, up-to-date cashbook, recording receipts and payments?				The IP maintains an adequate, up-to-date cashbook, recording receipts and payments.		
4.32 Do controls exist for the collection, timely deposit and recording of receipts at each collection location? If so, please describe.				Controls exist for the collection, timely deposit and recording of receipts at each collection location.		
4.33 Are bank balances and cash ledger reconciled monthly and properly approved? Are explanations provided for significant and unusual reconciling items?				Bank balances and cash ledgers are reconciled monthly and properly approved. Significant and unusual reconciling items are explained.		

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
4.34 Are agency resources be placed in a separate bank account?				Agency resources are placed in a separate bank account.		
4.35 Are cash and checks maintained in a secure location? Has access been properly designated and maintained?				Cash and checks are maintained in a secure location and access has been properly designated and maintained.		
4g. Safeguards for assets						
4.36 Is there a system of adequate safeguards to protect assets from fraud, waste and abuse? If so, tour the facility to ensure the system has been implemented and followed.				The IP has a system of adequate safeguards to protect assets from fraud, waste and abuse.		
4.37 Are subsidiary records of fixed assets and inventory kept up to date and reconciled with control accounts? If so, please describe.				Subsidiary records of fixed assets and inventory are kept up to date and reconciled with control accounts.		
4.38 Are there periodic physical inventories of fixed assets and stocks? If so, please describe.				The IP performs periodic physical inventories of fixed assets and inventory.		
4.39 Are fixed assets and inventory adequately covered by insurance policies?				The IP's fixed assets and inventory are adequately covered by insurance policies.		
4h. Other offices or entities²						
4.40 Do any other offices/entities participate in implementation? If so, does the IP have policies and				If the IP has other offices/entities participating in		

²This refers to sub-offices of the IPs or other parties.

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
process to ensure appropriate oversight and monitoring of implementation?				implementation, there are adequate policies and procedures to ensure appropriate oversight and monitoring of implementation. The IP also has experience with this process.		
4.41 Does information flow among the different offices/entities in an accurate and timely fashion? If so, please describe.				Information flows among the different offices/entities in an accurate and timely fashion.		
4.42 Does the IP have a process in place to evaluate the impact of any deficiencies or negative findings identified through reporting or discussions with the other offices/entities? If so, describe the process.				The IP has a process in place to evaluate the impact of any deficiencies or negative findings identified through reporting or discussions with the other offices/entities. The IP also has experience with this process.		
4.43 Does the IP maintain contractual agreements with other offices/entities?				The IP maintains current contractual agreements with other offices/entities.		
4.44 Does the IP have a process to ensure expenditures of other offices/entities are in compliance with the work plan and/or contractual agreement noted in item 4.43?				The IP has a process to ensure expenditures of other offices/entities are in compliance with the work plan and/or contractual agreements.		
4i. Other						
4.45 Has the IP advised employees, beneficiaries and other recipients to whom they should report if they suspect				The IP has advised employees, beneficiaries and other		

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
fraud, waste or misuse of agency resources or property?				recipients to whom they should report if they suspect fraud, waste or misuse of agency resources or property.		
4.46 If yes to item 4.45, does the IP have a policy against retaliation for those who report fraud, waste or misuse of agency resources or property?				The IP has a policy against retaliation for those who report fraud, waste, or misuse of agency resources or property.		
Total number of questions in subject area:	46					
Number of questions marked 'N/A' in subject area:						
Total number of applicable questions in subject area:						
Total number of risk points:						
Accounting policies and procedures overall risk assessment:						Divide total number of risk points by total number of applicable questions in subject matter section. This amount should be rounded as detailed on page 1 of this checklist and assigned an overall risk rating.
5. Internal Audit						
5.1 Is the internal auditor sufficiently independent to make critical assessments? To whom does the internal auditor report?				The internal auditor is sufficiently independent to make critical assessments.		
5.2 Does the IP have stated qualifications and experience requirements for internal audit department staff? If so, please describe.				The IP has stated qualifications and experience requirements for internal audit department staff.		

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
5.3 Will the activities financed by the agencies be included in the internal audit department's work programme?				The activities financed by agency funds will be included in the internal audit department's work programme.		
5.4 Does the internal auditor have policies and procedures to take action on findings identified?				The internal auditor has policies and procedures to take action on findings identified, if any.		
5.5 Does the IP appear to have strong internal controls to ensure funds are expended for their intended purpose, to discourage and prevent improper use of funds, and to safeguard assets? If so, please describe.				The IP appears to have strong internal controls to ensure funds are expended for the intended purpose, discourage and prevent improper use of funds, and safeguard assets.		
Total number of questions in subject area:	5					
Number of questions marked 'N/A' in subject area:						
Total number of applicable questions in subject area:						
Total number of risk points:						
Internal audit overall risk assessment:						Divide total number of risk points by total number of applicable questions in subject matter section. This amount should be rounded as detailed on page 1 of this checklist and assigned an overall risk rating.
6. Financial Audit						
6.1 Are the IP's specific financial statements audited regularly				The IP's specific financial		

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
by an independent auditor? If so, please describe the auditor.				statements are audited regularly by an independent auditor.		
6.2 Are there any delays in audit of the IP? When are the audit reports issued?				There are no delays in audits of the IP's financial statements, and the financial statements are issued within a reasonable amount of time.		
6.3 Is the audit of the IP's financial statements conducted according to the International Standards on Auditing?				The audit of the IP's financial statements are conducted according to the International Standards on Auditing.		
6.4 Were there any major accountability issues brought out in audit reports of the IP over the past three years?				No major accountability issues were brought out in audit reports of the IP over the past three years.		
6.5 Will the auditor audit the accounts related to the work plan or other contractual agreements with the agency? If not, will a separate auditor be appointed to audit the work plan financial statements?				The auditor will audit the accounts related to the work plan or other contractual agreements with the agency.		
6.6 Have any recommendations made by auditors in the prior three audit reports and/or management letters not yet been implemented?				All recommendations made by the auditor in the prior three audit reports and/or management letters have been implemented.		
6.7 Historically, has the IP prepared audit plans?				The IP has historically prepared audit plans.		
Total number of questions in subject area:	7					

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
Number of questions marked 'N/A' in subject area:						
Total number of applicable questions in subject area:						
Total number of risk points:						
Financial audit overall risk assessment:						Divide total number of risk points by total number of applicable questions in subject matter section. This amount should be rounded as detailed on page 1 of this checklist and assigned an overall risk rating.
7. Reporting and Monitoring						
7.1 Are financial statements prepared specifically for the IP?				Financial statements are prepared specifically for the IP.		
7.2 What is the frequency of preparation of the financial statements mentioned in 7.1? Are the reports prepared in a timely fashion so they are useful to management for decision-making?				Financial statements of the IP are prepared on a frequent basis so they are useful to management for decision-making.		
7.3 Does the reporting system have the capacity to link the financial information with the work plan's physical progress? If separate systems are used to gather and compile physical data, what controls are in place to reduce the risk that the physical data may not synchronize with the financial data?				The reporting system has the capacity to link the financial information with the work plan's physical progress.		
7.4 Does the IP have established financial management reporting responsibilities that specify what reports are to be prepared, what they are to contain and how they are to				The IP has established financial management reporting responsibilities that		

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
be used? If so, please describe.				specify what reports are to be prepared, what they are to contain and how they are to be used.		
7.5 Does the IP have financial reports that compare actual expenditures with budgeted and programmed allocations?				The IP has financial reports that compare actual expenditures with budgeted and programmed allocations.		
7.6 Are financial reports prepared directly by the automated accounting system or are they prepared using spreadsheets or some other means?				Financial reports are prepared directly by the automated accounting system or using spreadsheets (or some other means) that are properly reviewed and approved.		
7.7 Does the IP appear to have been solvent (i.e. total assets greater than total liabilities) for the past three fiscal years? Are there any unexplained or ongoing inconsistencies? Provide the amount of total assets and total liabilities for the current and prior fiscal year.				The IP appears to have been solvent (i.e. total assets greater than total liabilities) for the past three fiscal years.		
7.8 Do the IP's total revenues/contributions exceed its total expenditures over the past three fiscal years? Have the IP's contributions been contracting (i.e. dwindling) over the past three years? If so, why and how will the organization address this issue? Provide the amount of total revenues/contributions and total expenditures for the current and prior fiscal year.				The IP's total revenues/contributions exceed its total expenditures in the past three fiscal years, and its contributions have not been contracting in the past three fiscal years.		
Total number of questions in subject area:	8					
Number of questions marked 'N/A' in subject area:						

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
Total number of applicable questions in subject area:						
Total number of risk points:						
Reporting and monitoring overall risk assessment:						Divide total number of risk points by total number of applicable questions in subject matter section. This amount should be rounded as detailed on page 1 of this checklist and assigned an overall risk rating.
8. Information Systems						
8.1 Is the financial management system computerized? If so, does the IP have policies and procedures to maintain this system?				The financial management system is computerized and properly maintained.		
8.2 Does the IP have policies and procedures to restrict access to the computerized financial management system to appropriate personnel? If so, please describe them.				The IP has policies and procedures to restrict accesses to the computerized financial management system to the appropriate personnel.		
8.3 Can the computerized financial management system produce the necessary financial reports?				The computerized financial management system can produce the necessary financial reports.		
8.4 Are IP staff adequately trained to maintain the computerized financial management system?				IP staff are adequately trained to maintain the computerized financial management system.		
8.5 Does the IP have appropriate safeguards to ensure the confidentiality, integrity and availability of the data? If so,				The IP has appropriate safeguards to ensure the		

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
please describe them.				confidentiality, integrity and availability of the data.		
Total number of questions in subject area:	5					
Number of questions marked 'N/A' in subject area:						
Total number of applicable questions in subject area:						
Total number of risk points:						
Information systems overall risk assessment:						Divide total number of risk points by total number of applicable questions in subject matter section. This amount should be rounded as detailed on page 1 of this checklist and assigned an overall risk rating.
9. Procurement						
9a. General						
9.1 Has the IP undertaken a procurement exercise with United Nations / World Bank / European Union resources in the past? If so, please describe it.				The IP has undertaken a procurement exercise with UN/WB/EU resources in the past.		
9.2 Has the IP been audited by ECHO and selected as a Framework Partnership Agreement partner as per: http://ec.europa.eu/echo/files/partners/humanitarian_aid/fpa_partners.pdf				The IP has been audited by ECHO and selected as a Framework Partnership Agreement partner.		
9.3 Has the IP been audited by ECHO and selected as a Humanitarian Procurement Centre partner as per:				The IP has been audited by ECHO and selected as a		

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
http://ec.europa.eu/echo/files/partners/humanitarian_aid/HPC-register_en.pdf				Humanitarian Procurement Centre partner.		
9b. Procurement principles, policies and procedures						
9.4 Does the IP follow acceptable United Nations procurement principles? Do these principles promote broad participation from potential bidders? If so, please describe them.				The IP follows acceptable United Nations procurement principles.		
9.5 Does the IP have written procurement policies and procedures? <i>If yes, please provide a copy. If no, please attach an outline of the tender procedures specifying the different procurement procedures, related thresholds and methodology for the assessment of tenders.</i>				The IP has written procurement policies and procedures.		
9.6 Does the IP have a specific code of procurement ethics? <i>Please attach copy of the code.</i>				The IP has a specific code of procurement ethics.		
9.7 Does the IP have a specific anti-fraud and corruption policy? If so, please describe it.				The IP has a specific anti-fraud and corruption policy.		
9.8 Do the IP's procurement rules and regulations contemplate a fair and impartial mechanism for revision of procurement protests?				The IP's procurement rules and regulations contemplate a fair and impartial mechanism for revision of procurement protests.		
9.9 Does the IP frequently override purchasing procedures without proper authorization?				The IP does not frequently override the purchasing procedures without proper authorization.		

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
9.10 Are exceptions to procedures documented and sent to management for approval? Are the exceptions periodically analysed and corrective actions taken?				Exceptions to procedures are documented and sent to management for approval. Exceptions are periodically analysed and corrective actions are taken.		
9c. Internal control system						
9.11 Does the IP have a procurement committee for review and approval of contracts? If so, please specify composition of committee.				The IP has a procurement committee that reviews and approves contracts.		
9.12 Does the IP identify the requested authorizations for each value level of purchases? At what value does the IP require written authorization of senior management for a purchase (value in US dollars)?				The IP has defined authorization guidance and policies and procedures to ensure they are properly applied.		
9.13 Does the IP use standard bidding documents and contracts?				The IP utilizes standard bidding documents and contracts.		
9.14 Do the procurement procedures and templates of contracts integrate references to ethical procurement principles and exclusion and ineligibility criteria?				The procurement procedures and templates of contracts integrate references to ethical procurement principles and exclusion and ineligibility criteria.		
9.15 Does the IP obtain sufficient approvals before signing a contract, executing a purchase, or a payment? How many people give their approval before signing a contract or executing a purchase or a payment?				The IP obtains sufficient approvals before signing a contract executing a purchase or a payment.		

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
9.16 Does the IP rotate staff positions for internal control purposes? If yes, how often?				The IP has procedures to rotate staff positions for internal control purposes.		
9.17 Does the IP have formal guidelines and procedures in place to assist in identifying, monitoring and dealing with potential conflicts of interest with potential suppliers/procurement agents? If so, how does the IP proceed in cases of conflict of interest?				The IP has formal guidelines and procedures in place to assist in identifying, monitoring and dealing with potential conflict of interests with potential suppliers/procurement agents.		
9e. Procurement process						
9.18 Does the IP have a well-defined process for sourcing/pre-qualification of suppliers? Do formal procurement methods include broadly broadcasting procurement opportunities? <i>Please attach methodology for the assessment of suppliers.</i>				The IP has a well-defined process for sourcing/pre-qualifying suppliers.		
9.19 Does the IP undertake regular market surveys? If so, describe the process.				The IP undertakes regular market surveys.		
9.20 Does the IP have a database of active suppliers? If so, please describe the process for maintaining this database.				The IP has a database of active suppliers.		
9.21 Does the IP keep track of past performance of suppliers? If so, describe the process.				The IP keeps track of past performance of suppliers.		
9.22 Does the IP regularly check 'market' prices for goods and services purchased? If so, describe the frequency and process.				The IP regularly checks 'market' prices of goods and services purchased.		
9.23 Does the IP conduct public bid opening for formal procurement methods (invitation to bid and request for				The IP conducts public bid		

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
proposal)? What is the composition of public bid opening committees?				opening for formal procurement methods.		
9.24 Does the IP have a well-defined process in place to ensure a secure and transparent bid and evaluation process? If so, describe the process.				The IP has a well-defined process in place to ensure a secure and transparent bid and evaluation process.		
9.25 Does the IP establish long-term agreements with suppliers based on a tender process?				The IP establishes long-term agreements with suppliers based on a tender process.		
9.26 Are long-term agreements reviewed/retendered? If so, how frequently? Please describe.				Long-term agreements are reviewed and retendered.		
9f. Awarding of contracts						
9.27 When a formal invitation to bid has been issued, does the IP award the procurement contract to the qualified bidder whose bid substantially conforms to requirements set forth in the solicitation documentation and offers the lowest cost?				The IP awards procurement contracts to qualified bidders whose bids substantially conform to requirements set forth in the solicitation documentation and offer the lowest cost.		
9.28 When a formal request for proposal has been issued, does the IP award the procurement contract to the qualified proposer whose proposal, all factors considered, is the most responsive to the requirements set forth in the solicitation documentation?				The IP awards procurement contracts to qualified proposers whose proposals, all factors considered, are the most responsive to the requirements set forth in the solicitation process.		
9g. Reporting and monitoring						

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
9.29 Are procurement reports prepared for the IP? If so, describe the preparation and frequency of these reports.				Procurement reports are prepared frequently for the IP.		
9h. Information system						
9.30 Is the procurement system computerized? If so, is the system adequately maintained?				The procurement system is computerized and adequately maintained.		
9.31 Can the procurement system produce the necessary reports?				The procurement system is capable of preparing the necessary reports.		
9i. Verification of procurement capacity						
9.32 Is the IP's procurement unit properly resourced in terms of number of staff and their qualifications?				The IP's procurement unit is properly resourced in terms of number of staff and their qualifications.		
9.33 Is the structure of the IP's procurement unit clear, with defined reporting lines that foster efficiency and accountability?				The structure of the IP's procurement unit is clear, with defined reporting lines that foster efficiency and accountability.		
9.34 Does the IP have a procurement strategy and appropriate tools and mechanisms to conduct procurement activities? If so, please describe.				The IP has a procurement strategy and appropriate tools and mechanisms to conduct procurement activities.		
9.35 Does the IP verify that established procedures for handling complaints are implemented? If so, please describe.				The IP verifies that established procedures for handling complaints are implemented.		

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
9.36 Does the IP manage the procurement cycle following the established policies and procedures? If so, how do they verify this?				The IP manages the procurement cycle per established policies and procedures.		
9.37 Does the IP consistently apply transparency and integrity in the procurement process?				The IP consistently applies transparency and integrity in the procurement process.		
Total number of questions in subject area:	37					
Number of questions marked 'N/A' in subject area:						
Total number of applicable questions in subject area:						
Total number of risk points:						
Procurement overall risk assessment:						Divide total number of risk points by total number of applicable questions in subject matter section. This amount should be rounded as detailed on page 1 of this checklist and assigned an overall risk rating.

APPENDIX C: TERMS OF REFERENCE FOR SPOT CHECKS

This TOR was developed to guide United Nations agencies, third party service providers and IPs through the objectives, scope, timeline and deliverables of the requested agreed-upon procedures engagement. (See Annex 1 for programme-specific information)

Purpose of Agreed-upon Procedures Engagements

An agreed-upon procedures attest engagement involves engagement of a third party service provider to prepare a report on factual findings based on specific, agreed-upon procedures performed. As the third party service provider is engaged to report on findings of the agreed-upon procedures, no assurance is expressed. Instead, users of the report assess for themselves the procedures and findings reported by the service provider and draw their own conclusions. The report is restricted to parties that have agreed to the procedures to be performed, since others, unaware of the reasons for the procedures, may misinterpret the results.

Standards

The attestation engagement should be conducted in accordance with ISRS 4400, *Agreed-upon Procedures Regarding Financial Information*.

Scope of the Spot Check Agreed-upon Procedures Engagement

Spot checks are performed to assess the accuracy of financial records for cash transfers to IPs, status of the programme and whether there have been any significant changes to applicable internal controls. The spot check is not an audit.

Spot Check Procedures

The following are examples of procedures to be performed during the spot check. The actual procedures to be performed must be confirmed prior to the start of the spot check.

1. Compare documentation obtained describing the IP's financial management internal controls against the most recent micro assessment from the corresponding programme cycle. Document any changes or inconsistencies.
2. Inquire of IP management whether there have been any changes to internal controls since the prior micro assessment from the current programme cycle. Document any changes identified, if any.
3. Obtain a listing of all programme-related expenditures during the XX month period ended (date) for the agreed-upon procedures engagement and perform the following:
 - Randomly select a sample of expenditures amounting to a certain percentage of total expenditures. (The percentage is to be determined by each agency relative to its needs and requirements.) Provide a detailed listing of expenditures selected as samples.
 - For each sample selection perform the following procedures:
 - o Verify that documentation exists to support the expenditure in accordance with the IP's rules and procedures and agreements with the agency.

- o Verify that the activity related to the expenditure is in accordance with the work plan.¹²
 - o Verify that the expenditure has been reviewed and approved in accordance with the IP's rules and procedures and agreements with the agency.
 - o Verify that the expenditure was reflected on a certified FACE form submitted to the agency.
 - o Verify that the expenditure was reflected in the IP's accounting records (official book of accounts) and bank statement.
 - o Verify that supporting documents are stamped 'PAID from XXX grant', indicating which agency funded the transaction.
 - o Verify that the FACE form was submitted consistent with the periodicity-of-disbursement requirement in the HACT framework (two weeks).
 - o Verify the price paid for goods or services against United Nations agreed standard rates (if readily available).
4. If separate bank accounts are maintained for agency-granted funds, perform the following procedures:
- Verify that the activity per the bank statements agrees with that reflected in the accounting records. Document any variances noted; and
 - Confirm that a bank reconciliation was completed and the balance has been reconciled to the accounting records. Document any variances noted.

Deliverables

1. The third party service provider prepares a standard agreed-upon procedures report in accordance with the applicable standards, which includes:
 - Enumeration of the agreed-upon procedures performed and a summary of corresponding factual findings;
 - A statement indicating that the report is intended solely for the information and use of the specified parties;
 - Identification of the specific parties to whom use is restricted;
 - A statement that the report is not intended to be and should not be used by anyone other than the specified parties; and
 - A statement that the scope of agreed-upon procedures does not provide the same level of assurance as that of an audit or review.

A report template following ISRS 4400 is included in Annex 2.

¹² Agency work plans can be annual, multi-year, rolling or joint.

2. The third party service provider prepares a spot check work plan detailing work performed. A template is provided in Annex 3.

Qualifications of the Third Party Service Provider

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

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

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

The third party service provider should be experienced in applying ISRS standards. If hiring staff, the service provider should employ staff with recognized professional qualifications and suitable experience with ISRS standards, including experience in reviewing similar entities.

CVs of all members of the assessment team should be provided. They should include details on agreed-upon procedures carried out by the relevant staff, including ongoing assignments indicating responsibilities assumed by them, and their qualifications and experience in undertaking agreed-upon procedures.

United Nations and agency-specific (if any) procurement policies should apply in procurement of third party service providers.

Items to be Provided to the Third Party Service Provider before Starting Fieldwork

The agency provides the following documentation in advance of starting fieldwork:

- Work plan and any progress reports submitted during the year;
- A list of the IP's individual transactions (i.e., accounting records), including a summary of the disbursements and FACE forms submitted during the period selected for assessment; and
- A list of findings of the IP's micro assessment, reports of relevant field monitoring visits, available audits reports and other documentation that may help to understand the IP's internal controls and supported activities.

To ensure efficient use of time, the third party service provider should review the information received and provide the IP with a list of requested documents in advance of any site visits.

Annex 1. Programme-specific Information

The following information should be completed by the agency country office and be provided to the third party service provider prior to the site visit.

IP/RP name:	
Programme name:	
Programme number:	
Programme background:	
Programme location:	
Programme contact person(s):	
Location of records:	
Currency of records maintained:	
Period of transactions covered by spot check:	
Funds received during the period covered by the spot check:	
Expenditures incurred/reported during the period covered by the spot check:	
Intended start date of the spot check:	
Estimated number of days required for the spot check:	
Recipient of the report:	
Submission deadline (including draft and final reports to local agency)	
Submission logistics:	
Any special requests to be considered during the spot check:	
Cash transfer modality used by the IP/RP:	

Annex 2. ISRS 4400 Agreed-upon Procedures Report Template

Report of factual findings

To (those who engaged the auditor)

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

1. Compare documentation obtained describing the IP/RP's financial management internal controls against the most recent micro assessment from the corresponding programme cycle. Document any changes or inconsistencies.
2. Inquire of IP/RP management whether there have been any changes to internal controls since the prior micro assessment from the current programme cycle. Document any changes identified.
3. Obtain a listing of all programme related expenditures during the XX month period ended (date) for the agreed-upon procedures engagement and perform the following:
 - Randomly select a sample of expenditures amounting to a certain percentage of total expenditures. The percentage to be determined by each agency in relation to their needs and requirements. Provide a detailed listing of expenditures selected as samples.
 - For each sample selection perform the following procedures:
 - o Verify that documentation exists to support the expenditure in accordance with the IP's rules and procedures and agreements with the agency.
 - o Verify that the activity related to the expenditure is in accordance with the work plan.
 - o Verify that the expenditure has been reviewed and approved in accordance with the IP's rules and procedures and agreements with the agency.
 - o Verify that the expenditure was reflected on a certified FACE form submitted to the agency.
 - o Verify that the expenditure was reflected in the IP/RP's accounting records and bank statement.
 - o Verify that supporting documents are stamped 'PAID from XXX grant', indicating which agency funded the transaction.
 - o Verify that the FACE form was submitted consistent with the periodicity-of-disbursement requirement in the HACT framework (within two weeks).
 - o Verify the price paid for goods or services against United Nations agreed standard rates (if readily available).

4. If separate bank accounts are maintained for agency-granted funds, perform the following procedures:
- Verify that the activity per the bank statements agrees with that reflected in the accounting records. Document any variances noted; and
 - Confirm that a bank reconciliation was completed and the balance has been reconciled to the accounting records. Document any variances noted.

We report our findings below:

- (a) With respect to item 1 we found (provide details of findings).
- (b) With respect to item 2 we found (provide details of findings).
- (c) With respect to item 3 we found (provide details of findings).
- (d) With respect to item 4 we found (provide details of findings).

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

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

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

Signature

Date

Address

Annex 3. Spot Check Work Plan Example

Spot Check Work Plan

This is a minimum required template. It may be modified by agencies.

Programme title:	
Project title:	
Name of IP/RP:	
Location of IP/RP/programme:	
IP contact person and position:	
Start/end date of spot check (dd/mm/yyyy – dd/mm/yyyy):	
Dates covered by FACE form selected for testing (dd/mm/yyyy – dd/mm/yyyy):	
Date of last spot check (dd/mm/yyyy – dd/mm/yyyy):	
Member(s) of the spot check team (Name, designation, section/organization):	
IP staff whom the spot check team met and worked with during the spot check (names and titles)	

Internal Controls: Complete the following table covering specific procedures regarding internal controls.

	Procedure	Findings
1	Compare documentation obtained describing the IP's /RP's financial management internal controls against the most recent micro assessment from the corresponding programme cycle. Document any changes or inconsistencies identified.	
2	Inquire of IP/RP management whether there have been any changes to internal controls since the prior micro assessment from the current programme cycle.	

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

Sample expenditure description and voucher number	Sample expenditure amount reported	Documentation exists to support expenditure in accordance with IP's applicable rules and procedures and agreements with the agency? (Y/N)	Activity is related to expenditure in accordance with work plan? (Y/N)	Expenditure has been reviewed and approved in accordance with IP's applicable rules and procedures and agreements with the agency? (Y/N)	Expenditure was reflected on a certified FACE form submitted to the agency and in IP's accounting records and bank statement? (Y/N)	Supporting documents are stamped 'PAID from XXX grant', indicating which agency funded the transaction? (Y/N)	FACE form was submitted consistent with the periodicity-of-disbursement requirement in the HACT framework (within two weeks)? (Y/N)	Price paid for goods or services against United Nations agreed standard rates (if readily available)	Comment/finding
Total sample expenditures:									
Total expenditures reported on FACE forms during period under spot check:									
Percentage coverage: (Total sample expenditures divided by total expenditures reported on FACE forms during period under spot check)									

Appendix XI. Terms of Reference for Management Letter

This TOR was developed to guide United Nations agencies, third party service providers and IPs/RPs through the objectives, scope, timeline and deliverables of the requested audit. (See Annex 1 for programme-specific information)

Purpose

A management letter is meant to communicate observations, findings and recommendations related to deficiencies in internal control identified by the third party service provider during the engagement performed in accordance with the standards noted below.

Scope

The engagement includes the IP's/RP's internal controls regarding its financial management system as at the period indicated by the agency in Annex 1 and consistent with the corresponding spot check or audit engagement.

Preparation of a management letter is not a stand-alone engagement; it should be prepared as part of an engagement that provides a report (e.g. audit report or agreed-upon procedures). A management letter is an additional deliverable and incurs an additional cost to the agency.

Standards

The management letter is to be prepared in accordance with the IPPF. The management letter does not provide any assurance or opinion regarding the IP's internal controls.

Deliverable

The management letter should be addressed to those charged with governance and should include the following:

- A description of the observations and deficiencies identified, an explanation of their potential effects and recommendations to address the potential effects;
- Sufficient information to enable those charged with governance and management to understand the context of the communication;
- A general review of a programme's progress and timeliness relative to progress milestones as stated in the agency work plan. This is not intended to address whether the IP is in compliance with specific covenants relating to performance criteria or outputs in the work plan. However, general compliance with broad covenants, such as implementing the programme with economy and efficiency, might be commented upon, though not with the legal force of an audit opinion.
- The categorization of observations by risk severity:
 - o *High* – Action that is considered imperative to ensure that the agency is not exposed to high risks (i.e. failure to take action could result in major consequences and issues);
 - o *Medium* – Action that is considered necessary to avoid exposure to significant risks (i.e.

failure to take action could result in significant consequences); or

- o Low – Action that is considered desirable and should result in enhanced control or better value for money.
- Management response to the third party service provider's observations and recommendations.

See Annex 2 for a template of a management letter related to a financial audit engagement. This template can be modified for use with a spot check or internal control-based audit.

Qualifications of Third Party Service Provider

The third party service provider is subject to relevant ethical requirements provided in the Institute of Internal Auditor's Code of Ethics together with national requirements, which may be more restrictive.

The service provider should have experience in performing similar engagements applying relevant standards. The service provider should employ staff with recognized professional qualifications and suitable experience, including experience in undertaking engagements of similar size and nature to this proposed.

CVs of all members of the engagement team should be provided to the contracting agency. The CVs should include details on relevant engagements carried out by the engagement team, including ongoing assignments indicating responsibilities assumed, relevant professional qualifications and experience in undertaking engagements of similar size and nature.

United Nations (and agency-specific, if any) procurement policies should be used for procurement of third party service providers.

Annex 1. Programme-specific Information

The following information should be completed by the agency and provided to the third party service provider at the start of the engagement.

IP/RP name:	
Programme name:	
Programme number:	
Programme background:	
Programme location:	
Programme Internet address:	
Programme contact person(s):	
Location of records:	
Currency of records maintained:	
Period covered:	
Intended start date of fieldwork:	
Estimated number of days required for fieldwork:	
Recipient of management letter:	
Submission deadline (including draft and final reports to local agency management):	
Submission logistics:	
Any special requests to be considered during engagement:	
Cash transfer modality used by the IP/RP:	

Annex 2. Management Letter Template in Accordance with IPPF

This template is prepared for use with a financial audit engagement, but it can be updated for use with a spot check or internal control-based audit.

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Glossary

Acronym	Definition
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1. Introduction

Background

On behalf of the [Insert agency name and name of internal audit], [insert auditor firm name] conducted an engagement in accordance with Institute of Internal Auditors' International Professional Practices Framework (IPPF), regarding xxx Project bearing project ID number XXXXX in XXX 20XX (*month and year*). The engagement was carried out with the assistance of (*insert name of firm*).

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

Overall Assessment

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

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

- Xx
- xx

Highlights

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

Good Practices Observed

XXX

2. Audit Objectives, Scope and Operational Overview

Objectives

[insert objectives]

Scope

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

Standards

The engagement has been conducted as per the Institute of Internal Auditors' International Professional Practices Framework (IPPF).

Operational Overview

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

Office Management

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

- XXX
- XXX

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

3. Detailed Assessment

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

A: Overall Project Management

Good practices observed:

XXXX

XXXX

Observation A.1:

This is where the observation is written. Clearly describe the findings as follows:

- State the criteria, requirement or the expected conditions
- State the current condition or the situation that deviates from the criteria, requirement or the expected conditions
- State the conclusions

State the cause(s) or reason(s) for the difference between the criteria, requirements or expected conditions and the actual conditions. [In this context, you may want to offer several contributing factors or reasons underlying the audit observations. To the extent

possible, identify the root cause for a particular issue.]

The engagement has been conducted as per the Institute of Internal Auditors' International Professional Practices Framework.

Operational Overview

[Here provide a brief background of the project, including, project budget, expenditure,

staffing, and key financial indicators.]

**Office
Management**

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

- XXX
- XXX

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

3. Detailed Assessment

A. Overall project management

The following good practices were observed:

Risk:

<High/Medium/Low>

Impact or risk:

Recommendation: xxxx
Management response: xxxx
Status of recommendation: <i>Open or closed (to be decided after obtaining management replies)</i>

Observation A.2:

[same format as above]

B. Financial operations, controls and cash/fund management

The following compliance and good practices were noted:

- XXX

Observation

B.1:

This is where the observation is written. Clearly describe the findings as follows:

- State the criteria, requirement or the expected conditions
- State the current condition or the situation that deviates from the criteria, requirement or the expected conditions
- State the conclusions

State the cause(s) or reason(s) for the difference between the criteria, requirement, or the expected condition and the actual condition. [In this context, you may want to offer several contributing factors or reasons underlying the audit observations. To the extent possible, identify the root cause for a particular issue.]

Impact or risk:

Recommendation:

xxxx

Status of recommendation: *Open or closed (to be decided after obtaining management replies)*

Observation B.2:

[same format as above]

C. Contracting for procurement of goods and services

The following compliance and good practices were observed in the procurement process:

- Xxx

The following audit observations are made:

Observation

C.1:

This is where the observation is written. Clearly describe the findings as follows:

- State the criteria, requirement or the expected conditions
- State the current condition or the situation that deviates from the criteria, requirement or the expected conditions
- State the conclusions

State the cause(s) or reason(s) for the difference between the criteria, requirement, or the expected condition and the actual condition. [In this context, you may want to offer several contributing factors or reasons underlying the audit observations. To the extent possible,

identify the root cause for a particular issue.]

Impact or risk:

Recommendation:

xxxx

Status of recommendation: *Open or closed (to be decided after obtaining management replies)*

Observation C.2:

[same format as above]

D. Staffing and management of human resources

The following compliance and good practices were observed:

- Xxx
- xxxx

The following audit observations are made:

Observation D.1:

This is where the observation is written. Clearly describe the findings as follows:

- State the criteria, requirement or the expected conditions
- State the current condition or the situation that deviates from the criteria, requirement or the expected conditions
- State the conclusions

State the cause(s) or reason(s) for the difference between the criteria, requirement or the expected condition and the actual condition. [In this context, you may want to offer several contributing factors or reasons underlying the audit observations. To the extent possible, identify the root cause for a particular issue.]

Impact or risk:

Recommendation:

xxxx

Status of Recommendation: Open or closed (to be decided after obtaining management replies)

Observation D.2:

[same format as above]

E. Asset/property management, ICT and general issues

The following compliance and good practices were observed:

- xxxx

The following audit observations are made:

Observation

E.1:

This is where the observation is written. Clearly describe the findings as follows:

- State the criteria, requirement or the expected conditions
- State the current condition or the situation that deviates from the criteria, requirement or the expected conditions
- State the conclusions

State the cause(s) or reason(s) for the difference between the criteria, requirement, or the expected condition and the actual condition. [In this context, you may want to offer several contributing factors or reasons underlying the audit observations. To the extent possible, identify the root cause for a particular issue.]

Impact or risk:

Recommendation:

xxxx

Status of Recommendation: *Open or closed (to be decided after obtaining management replies)*

Observation E.2:

[same format as above]

F. Other observations – without audit recommendations

The following other audit observations are made, on which no audit recommendations are being issued:

Xxxx

Observation F.1:

This is where the observation is written. Clearly describe the findings as follows:

- State the criteria, requirement or the expected conditions
- State the current condition or the situation that deviates from the criteria, requirement or expected conditions
- State the conclusions

,

State the cause(s) or reason(s) for the difference between the criteria, requirement, or the expected condition and the actual condition. [In this context, you may want to offer several contributing factors or reasons underlying the audit observations. To the extent possible, identify the root cause for a particular issue.]

Impact or risk:

Annex 2.1. Definitions of Ratings, Priorities, Causes and Functional Areas for Management Report

The following ratings have been defined so that management can put in context the opinions given in internal audit reports.

A. Ratings for overall performance of internal control system

The harmonized rating system being applied by the internal audit services of UNICEF, UNFPA, WFP, UNDP and UNOPS effective 1 January 2010 is based on the following principles:

- There are three categories: (a) satisfactory, (b) partially satisfactory, and (c) unsatisfactory.
- The elements of the rating system will take into account the audited office's internal control system and risk management practices and their impact on the achievement of office objectives.

The descriptions of the ratings are as follows:

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

B. Rating for priorities of audit recommendations, possible causes and functional areas

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

The following categories of priorities are used:

Rating	Descriptio
High	Action that is considered imperative to ensure that the agency 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

The following categories of possible causes are used:

- **Compliance:** Failure to comply with prescribed agency regulations, rules and procedures.
- **Guidelines:** Absence of written procedures to guide staff in the performance of their functions.
- **Guidance:** Inadequate or lack of supervision by supervisors.
- **Human error:** Mistakes committed by staff entrusted to perform assigned functions.
- **Resources:** Lack of or inadequate resources (funds, skills, staff, etc.) to carry out an activity or function.

The following categories of functional areas are used:

- General policy;
- Project/programme activities;
- Finance;
- Human resources;
- Procurement;
- Information technology; and
- General administration

Annex 2.2 Summary of Audit Recommendations

Note: Management comments are incorporated in this summary sheet along with the additional comments of attestation.

This summary excel sheet should contain the following columns:

1. Recommendation number
2. Recommendation
3. Management reply
4. Priority
5. Cause
6. Area
7. Further comments of attestation
8. Responsible manager
9. Expected completion date
10. Status (open/closed)

Sample as below:

APPENDIX D: TERMS OF REFERENCE FOR HACT FINANCIAL AUDITS (Scheduled Audits)

INTRODUCTION

Throughout this document the term "implementing partner" is used to refer to the institution designated to manage the project. Where the project is nationally implemented (NIM), this will refer to a government institution. Where the project is NGO executed, this will refer to an NGO. The term "government coordinating authority" refers to the government institution, which is the official UNDP counterpart.

This specimen Terms of Reference (TOR) is intended to provide guidance to UNDP country offices and to the government implementing partners (IPs) (or NGOs) in agreeing to the terms of reference for the audit of projects managed by governments (or NGOs). These audits are under the responsibility of the UNDP country office.

This specimen TOR highlights requirements in the audit services required (Part E and Annex 1) as well as areas to be covered in the audit report and management letter (Part F and Annex 3), as follows:

- Auditors must certify, express an opinion, and quantify the Net Financial Misstatement (NFM) on each of the following:
 - (i) UNDP Statement of Expenses - **the Combined Delivery Report (CDR)** - for the period 1 January to 31 December 2018
 - (ii) Statement of Cash Position reported by the project as at 31 December 2018
 - (iii) Statement of Assets and Equipment as at 31 December 2018
- Auditors must indicate the risks associated with their findings and provide a categorization by risk: High, Medium, or Low.
- Auditors must provide the monetary value of the NFM of the qualification if the audit opinion on the CDR is Qualified, Adverse or Disclaimer.

Follow-up to resolve Audit Observations

1. The United Nations Board of Auditors (UN BoA) has commented on the NGO/NIM audit results and the cases where they noted a lack of conclusive actions to properly address an audit qualification in the previous year audit and the related NFM. They also commented on the recurrence of the same significant audit issues in the same projects without being duly resolved. This is unacceptable and country offices must ensure adequate and direct action is taken to prevent the same deficiencies from recurring in the future. If further guidance is needed, country offices should contact OAI, Special Assignments Section or the respective OAI Regional Audit Centre.

A Critical Audit Requirement

2. Following the International Standards on Auditing (ISA 450 and ISA 710), there is a requirement regarding a previous year modified audit opinion.³ 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.

3. 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

³ A "modified" audit opinion means either a qualified opinion, a disclaimer of opinion or an adverse opinion.

years that would lead the UN BoA to issue a modified audit opinion on UNDP financial statements. (Refer to Annex 5)

4. Country offices (COs) must ensure the audit services are adequately covered as specified in the present TOR and CDRs are duly certified by the implementing partners and auditors and signed by UNDP CO management and attached to the audit reports; the same applies for the Statement of Cash Position (cash and bank balances of the project) and Statement of Assets and Equipment. If the project does not hold any assets or equipment or there is no cash at hand or bank account, the auditors must clearly indicate this in the opinion page and certify it.

- | | |
|-----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Annex 1 | provides the audit services required and standard scope of audit. |
| Annex 2 | describes the qualifications of an auditor and may help in the process of selecting auditors.

Note: Where the TOR is being supplied to a short list of firms as part of a request for proposals (RFP) and the firms short listed have been pre-qualified, then the list of qualifications would not be needed. |
| Annex 3 | is a sample audit report that needs to be submitted by the auditor (ISA 705, 706). A management letter needs to be attached to the audit report. |
| Annex 4 | provides a definition of audit opinions (ISA 700). |
| Annex 5 | provides guidance on Reporting Prior Year Modified opinion not corrected (ISA 450 and 710). |
| Annex 6 | defines the three risk categories of audit observations and recommendations. |
| Annex 7 | provides a template sample of certified prior year updated action plan (FY2016) that needs to be uploaded in CARDS. |
| Annex 8 | provides a template for audit data and observations for FY2018 audits that auditors need to submit and the CO copy paste in CARDS the information. |
| Annex 9 | provides guidance on formulating audit observations and recommendations. |
| Annex 10 | provides guidance on Audit Materiality (ISA 320 and 450). |

What follows is the proposed structure with guidance on the contents of the TOR that need to be communicated to the auditors by the UNDP country office.

A. Background

The background section of the TOR should include a broad description of the project(s) in the context of its contribution to achieving the goals of the government entity. The auditor should understand the "purpose for which the funds are intended" in the context of project objectives as well as in terms of the specific budget for the project. It should include a general description of the roles of UNDP, the government entity, and the implementing partner with respect to the management and oversight of the project.

This section should indicate that the TOR is directed to the audit of UNDP financial statements, which are referred to as Combined Delivery Reports (CDR).

Finally, the section should include the list of projects identified for auditing.

B. Project Management

This section should contain a description of the government entity and the implementing partner including the physical address, phone numbers, fax numbers, websites and general e-mail addresses. Other details would include:

- An organization chart
- A list of senior officers together with their contact details
- A list of the contact persons responsible for accounting, financial management and internal audit together with phone numbers and email addresses
- A description of the project including the project budget by major expenses categories and the sources of all funding for the project.

C. Consultations with concerned parties

This section should describe the requirements for consultations. For example, prior to the start of audit work the auditor will be required to consult with the UNDP country office, the government counterpart, and the implementing partner for each project. Further, upon completion of the draft audit report and management letter, the auditor will be required to meet with the UNDP country office and the government entity coordinating authority to debrief them on its major findings from the audit and its recommendations for future improvements as well as to seek their feedback thereon.

D. Description of Financial Reports (UNDP CDR) to be audited

This section should include a description of the CDR and supporting schedules (see below). The country office should also include the Statement of Cash Position and the Statement of Assets and Equipment, with year-end inventory listing and a description of the inventory.

Description of the Combined Delivery Report and Supporting Schedules

The report to be audited is referred to as the Combined Delivery Report (CDR). This report is prepared by UNDP, using an in-house accounting software package called ATLAS. The CDR serves as the official financial statement that must be certified by the auditors. Project 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.

Refer to the section below on changes to the CDR since the adoption of the International Public Sector Accounting Standards (IPSAS) by UNDP effective 1 January 2012. The three disbursement sources include:

1. *Implementing partner (either Government or NGO)*

UNDP procedures require that where funds are advanced to the executing agency, the agency must submit to the UNDP country office, on a quarterly basis, a financial report including: (1) the status of the advance; (2) a list of the disbursements made since the previous financial report; and (3) a request for a new advance. The UNDP country office enters the disbursements in ATLAS through the year as the financial reports are received. These implementing partner disbursements are recorded in the *Government* expenses column in the CDR.

2. *UNDP (country office, headquarters and other country offices)*

Disbursements made by UNDP from its own bank accounts are entered in ATLAS by the UNDP country office. These UNDP disbursements are recorded in the *UNDP* expense column in the CDR. These disbursements may be classified as either *direct payments* or *UNDP support services*. This distinction, while very important for audit purposes, is not apparent from the CDR and can only be provided by the UNDP country office as a supporting schedule. A brief description of each category is provided below.

- a) **Direct Payments** - This is where the implementing partner is responsible for the expenses but requested UNDP to effect payment to the vendor/consultant on its behalf. The implementing partner is accountable for the disbursement and maintains all supporting documentation.
UNDP simply effects payments on the basis of properly authorized requests and gives the implementing partner a copy of the related disbursement voucher as evidence that payment was made.
- b) **UNDP Support Services** - This is where the government and UNDP have agreed that UNDP will provide support services to the project and signed a Letter of Agreement. These support services must be described in the Letter of Agreement (LOA). UNDP is fully responsible and accountable for these expenses and, accordingly, maintains all supporting documentation for the disbursement. These expenses are 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. Where there is no signed Letter of Agreement for UNDP Support Services or a Country Programme Action Plan (CPAP) with the respective clauses of the LOA for UNDP Support Services, the audit should also cover the UNDP expenses under CO support. The CO must include this information in the TOR/contract for the auditors.

3. *UN agencies*

The UN agency reports its expenses to UNDP and to the government. The UNDP country office enters the expenses in ATLAS. These UN agency expenses are recorded in the UN agencies expense column in the CDR. Note: Any expenses under this column are outside the auditors' scope of audit. UN entities are audited under their own audit arrangement, following the 'Single Audit' principle and are not covered by UNDP's audit regime.

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

1. The quarterly financial reports submitted by the implementing partner.
2. A list of the direct payments processed by UNDP at the request of the implementing partner.
3. A list of the disbursement made by UNDP as part of support services provided to the implementing partner.
4. The UN agency expenses statement for the year.
5. Relevant financial reports that show the expenses of Global Fund sub-recipients for the year which need to be reconciled to the CDR expenses.
6. Letter of Agreement for UNDP support services signed between UNDP and the Government (or CPAP with relevant clauses regarding UNDP support services).
7. Relevant financial reports that show expenses of UNDP CO support, if there is no Letter of Agreement.

Note: With the adoption of the International Public Sector Accounting Standards (IPSAS) by UNDP effective 1 January 2012, the CDR is now prepared in two sections; the first section containing the total expense information as explained above (by Implementing Partner, UNDP and UN Agencies) and the second section showing the following information:

- Outstanding NEX advances
- Un-depreciated Fixed Assets
- Inventory
- Prepayments
- Commitments

In addition to the verification of the total project expense reflected in the CDR, the auditors will be responsible for validating certain areas of the information appearing in the Funds Control section of the CDR as shown above.

Outstanding NEX advances – If there is an amount appearing under this category, the auditors should reconcile it to the cash at hand at the project level. In principle, this amount should represent the balance of any advances transferred to the implementing partner minus the total expenses reported in the quarterly financial reports submitted by the implementing partner to UNDP.

Un-depreciated Fixed Assets – There could be cases where fixed assets that belong to or are used by the project are under UNDP's control (i.e. in situations where UNDP is providing support services to the project and there is no signed Letter of Agreement, as an example). If there is an amount appearing on the CDR under this category, the auditors should investigate and determine that these assets are project related or not and, if project related, should perform the same audit procedures to validate the assets as those undertaken for the certification of the Statement of Assets and Equipment. Please refer to the Programme and Operations Policies and Procedures (POPP) section on "Administrative Services/Asset Management/Property Plan and Equipment/Furniture and Equipment Acquisition and Maintenance" for information regarding the custody/control/ownership of assets.

Inventory – Similar to the case of Un-depreciated Fixed Assets, there may be situations where certain items of inventory that were acquired for the project are temporarily under UNDP's control/custody. If there is an amount under this category, the auditors should determine the nature of the inventory and whether or not it is intended for the project. If it is determined that the inventory is project related, then the same audit procedures for the certification of the Statement of Assets and Equipment should be applied. Please refer to the aforementioned section

of the POPP on asset management as well as the section on “Financial Resources/Inventory Management” for additional guidance as necessary.

Prepayments – The auditors should validate any amount appearing under this category, i.e. determine what it represents and if it is in any way project related.

Commitments – Any amounts appearing under this category would be provided for informational purposes only and, therefore, the auditors would not be required to undertake any audit procedures related to the verification or validation of same.

E. Audit Services Required

The scope of the audit services required should be sufficiently clear to properly define what is expected of the auditor but not in any way that restricts the audit procedures or techniques the auditor may wish to use to form an opinion. It should specify at least the following:

- A definition of the entity or the portion of an entity that is subject to audit. This will normally be the project office whether located within a government department or in a separate location.
- That the audit will be carried out in accordance with either ISA⁴ or INTOSAI⁵ auditing standards.
- That the audit period is 1 January to 31 December of the year YYYY.
- That the scope of the audit is limited to the implementing partner expenses, which are defined as including: (1) all disbursements listed in the quarterly financial reports submitted by the implementing partner; and (2) the direct payments processed by UNDP at the request of the implementing partner.
- That the auditor is 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 request of the government) are reconciled to the expenses, by disbursing source, in the CDR.
- That 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 as part of direct support services and the amount of total expenses excluded because they were made by a UN agency. This scope limitation is not a valid reason for the auditors to issue a qualified audit opinion on the CDR.
- That the auditor is required to state in the audit report if the audit was not in conformity with any of the above and indicate the alternative standards or procedures followed.
- That the auditor is required to express an opinion as to the overall financial situation of the project for the period 1 January to 31 December YYYY and will certify:
 1. The Statement of Expenses (**CDR**) for the period from 1 January to 31 December YYYY;
 2. The Statement of Cash Position (cash and bank balances of the project) reported by the project as at 31 December YYYY; and
 3. The Statement of Assets and Equipment held by the project as at 31 December YYYY.
- That the auditor is required to, as applicable, report in monetary value, the net financial misstatement of any modified audit opinion (modified opinions can be qualified, adverse, or disclaimer) on the Statement of Expenses (CDR) where applicable. This should also include prior year non-resolved NFM.
- That the auditor/audit firm is required to submit a draft audit report by ____dd/mm/yyyy and a final signed audit report with signed UNDP statements by dd/mm/yyyy__.

⁴ International Standards on Auditing (ISA) published by the International Auditing and Assurance Standards Board of the International Federation of Accountants

⁵ International Organization of Supreme Audit Institutions

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 4.

F. The Audit Report and Management Letter

The TOR should clearly indicate the expected contents of the audit report and management letter and the topics/areas to be covered by the auditors.

Audit Report – **VERY IMPORTANT**

The audit report should clearly indicate the auditor’s opinion (Refer to Annex 3 for a sample Audit Report). This would include at least the following:

- That it is a special purpose and confidential report
- The audit standards that were applied (ISAs, or national standards that comply with one of the ISAs in all material respects)
- The period covered by the audit opinion
- The amount of expenses audited
- The amount of the net financial misstatement of the modified audit opinion on the CDR, if modified
- The reason(s) resulting in the issuance of a modified audit opinion, qualified, adverse or disclaimer of opinion (the reason(s) must be also included in the management letter 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 NIM) or a UN agency. Important to note: Such scope limitation should not be 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 YYYY [year] is adequately and fairly presented and whether the disbursements are made in accordance with the purpose for which funds have been allocated to the project.

(a) A Financial Audit to express an opinion on the project’s financial statements that includes:

- Expression of an opinion on whether the statement of expenses presents fairly the expense incurred by the project over a specified period in accordance with agreed upon accounting policies and that the expenses incurred were: (i) in conformity with the approved project budgets; (ii) for the approved purposes of the project; (iii) in compliance with the relevant regulations and rules, policies and procedures of the Government or 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.
- Whether the result of the prior year’s audits resulting in modified audit opinions on the CDR had conclusive actions to properly address an audit qualification in the previous year audit and the related NFM. 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.

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 project's statement of assets and equipment as at a given date. This statement must include all assets and equipment available as at 31 December 2018, and not only those purchased in a given period. Where a project 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.
- Express an opinion on the value and existence of the cash held by the project as at a given date, i.e. 31 December 2018. The Audit Firm is required to express an opinion on the Statement of Cash Position where a dedicated bank account for the project has been established and/or the project holds petty cash. Where the project does not hold any cash, this should be disclosed in the audit report.

The Financial Audit will be conducted in accordance with International Standards on Auditing (ISA).

- (b) An audit to assess and express an opinion on the project's internal controls and systems.

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

The management letter should be attached to the audit report and cover the following topics/issues:

- A general review of a project's progress and timeliness in relation to progress milestones and the planned completion date, both of which should be stated in the project document or Annual Work Plan (AWP). 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 the project with economy and efficiency might be commented upon but not with the legal force of an audit opinion.
- An assessment of a project's internal control system with equal emphasis on: (i) the effectiveness of the system in providing the project management with useful and timely information for the proper management of the project; and (ii) the general effectiveness of the internal control system in protecting the assets and resources of the project.
- A description of any specific internal control weaknesses noted in the financial management of the project and the audit procedures followed to address or compensate for the weaknesses. Recommendations to resolve/eliminate the internal control weaknesses noted should be included.

The audit of internal controls and systems will be conducted in accordance with the International Standards on Auditing (ISA).

The management letter should also include the following:

- Audit observations/recommendations (guidelines in Annex 9)

- The categorization of audit observations by risk severity: High, Medium, or Low. Definitions of these categories are given in Annex 6.
- Management comments/response to audit observations and recommendations (project management and/or UNDP, as applicable).
- Indication of observations that affect the audit opinion (when qualified, adverse or disclaimer of opinion is given).

More detailed guidance for the above general categories is provided below.

Review of project progress

As part of the general review of project progress, specific steps could include the following:

- Review annual and quarterly work plans, quarterly and annual financial reports, and requests for direct payments and assess in terms of their timeliness and their compliance with the project document or the AWP, and the UNDP Programme Operations Policies and Procedures (POPP) on Results Management.
- Review the annual project report prepared by the implementing partner and assess in terms of compliance with UNDP guidelines and whether the implementing partner met its responsibilities for monitoring described in the project document or AWP.
- Review whether the decisions and/or recommendations of the above activities have been followed through by the implementing partner.
- Review the pace of project progress and comment on the causes for delays.
- Comment on whether implementation services of the UN Agency were provided in line with the project document or AWP.

Assessment of internal control

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 and further information is available on the INTOSAI site www.intosai.org (*Guidelines for Internal Control Standards*). The INTOSAI standards are intended for use by government managers as a framework to establish effective internal control structures.

In addition to the above general assessment, additional specific steps should include the following:

- Review the expenses made by the implementing partner and assess whether they are in accordance with the project document, AWP and budgets; and are in compliance with the UNDP POPP on Results and Accountability.
- Review the process for procurement/contracting activities and assess whether it was transparent and competitive.
- Review the use, control and disposal of non-expendable equipment and assess whether it is in compliance with UNDP POPP on Results and Accountability; and also whether the equipment procured met the identified needs and whether its use was in line with intended purposes.
- Review the process for recruiting project personnel and consultants and assess whether it was transparent and competitive.
- Review the implementing partner 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

authorized government officials.

Recommendations for improvement

Recommendations should be directed to a specific entity so there is no confusion regarding who is responsible for implementation. The response of the entity should be included in the management letter, immediately following the recommendation.

Also, the auditor may wish to comment on "good practices" (if any) that were developed by the implementing partner that should be shared with other project personnel.

Available Facilities and Right of Access

There should be a description of the nature and the location of all records belonging to the project. This list should specify those records kept at the implementing partner's headquarters and those that are located at other offices.

The TOR should state that the auditor would have full and complete access at any time 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 entity. The auditor should be advised that he/she has a right of access to banks, consultants, contractors and other persons or firms engaged by the project management. If an auditor may not have unrestricted access to any records, person or location during the course of the audit, this restriction should be clearly defined, with reasons, in the TOR.

1. ANNEX 1: AUDIT SERVICES REQUIRED

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

Human resources

The audit work shall cover the competitiveness, transparency and effectiveness of the recruitment and hiring of personnel and include performance appraisal, attendance control, calculation of salaries and entitlements, payroll preparation and payment, and management of personnel records.

Finance

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, and disbursement of funds, recording of all financial transactions in expense reports, records maintenance and control.

Procurement

The audit work shall cover the competitiveness, transparency and effectiveness of the procurement activities of the project in order to ensure that the equipment and services purchased meet the requirement of either the government (or NGO) or UNDP 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
- 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
- Evaluation of the procedures established to mitigate the risk of purchasing equipment that do not meet specifications or is 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.

Asset Management

The audit work shall cover equipment (typically vehicles and office equipment) purchased for use of the project. The procedures for receipt, storage, and disposal shall also be reviewed.

Cash Management

The audit work shall cover all cash funds held by the project and review procedures for safeguarding of cash.

General Administration

The audit work shall cover travel activities, vehicle management, shipping services, office premises and lease management, office communications and IT systems, and records maintenance.

Note: The above scope shall cover those transactions performed at the level of the project to include direct payments made by the UNDP country office at the request of the project.

Scope Limitation

Transactions/actions that are performed by the UNDP office at the request and on behalf of the project (i.e. UNDP direct support services to NIM) where there is a signed Letter of Agreement (LOA) are **not** to be included in the audit scope.

Important note: Such scope limitation should not be a reason for issuing a modified audit opinion by the auditors. Please refer to Section D.

2. ANNEX 2: QUALIFICATIONS OF AN AUDITOR

If included as part of a Request for Proposal, this section will need to be modified to take into consideration whether the firms invited to propose have already been pre-qualified.

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

The auditor should be experienced in applying either ISA or INTOSAI audit standards, whichever is applicable for the audit. The auditor must employ adequate staff with appropriate professional qualifications and suitable experience with ISA or INTOSAI standards, including experience in auditing the accounts of entities comparable in size and complexity to the entity being audited.

Curriculum vitae (CVs) should be provided to the client by the principal of the firm of auditors who would be responsible for signing the opinion, together with the CVs of managers, supervisors and key personnel proposed as part of the audit team. It would be appropriate to indicate required/minimum professional qualifications necessary for the senior auditors/principals responsible for the audit. CVs should include details on audits carried out by the applicable staff, including on-going assignments indicating capability and capacity to undertake the audit.

3. ANNEX 3: SAMPLE AUDIT REPORT

Independent Auditor's report to:

***The National Project Director and
The Resident Representative***

I. Sample Independent Auditor's Report on Statement of Expenses (UNDP CDR)

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

We have audited the accompanying Statement of Expenses ("the statement") of the project [insert project and project number(s)], [insert official title of project] for the period [insert period covered].

Opinion

Clean Opinion: Option 1: (Unmodified)

In our opinion, the attached statement of expenses presents fairly, in all material respects, the expense of [insert amount in US\$] incurred by the project [insert official title of project] 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 project budgets; (ii) for the approved purposes of the project; (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, except for the effects of the matter described in the Basis for opinion section of our report, the attached statement of expenses presents fairly in all material respects the expenses of [insert amount in US\$] incurred by the project [insert official title of project] for the period [insert period covered] in accordance with agreed upon accounting policies [if needed add: and the note to the statement] and were: (i) in conformity with the approved project budgets; (ii) for the approved purposes of the project; (iii) in compliance with the relevant UNDP regulations and rules, policies and procedures; and (iv) supported by properly approved vouchers and other supporting documents.

Option 3: (Adverse opinion)

In our opinion, based on the significance of the matter discussed in the Basis for opinion section of our report, the statement of expenses do not present fairly the expenses of [insert amount in US\$] incurred by the project [insert official title of project] for the period from [insert period covered].

Option 4: (Disclaimer of opinion)

We do not express an opinion on the accompanying statement of expenses. Because of the significance of the matter described in the Basis for opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the statement of expenses of [insert amount in US\$] incurred by the project [insert official title of project] and audited by us for the period from [insert period covered].

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the auditor's

responsibilities for the audit of the statement of expenses section of our report. We are independent of UNDP in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with this code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

[Add here a description of the basis for the qualified, adverse or disclaimer opinion]

Management responsibilities

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

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the statement of expenses is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these documents.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the statement of expenses, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 organization's internal control.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

We draw attention to Note [X] to the accompanying statement of expenses which describes the uncertainty related to the (insert the issue). Our opinion is not qualified in respect of this matter.

Auditor's Name and Signature

Date of the auditor's report

Auditor's address

II. Sample Independent Auditor's Opinion on Statement of Assets and Equipment (Refer to ISA 700)

We have audited the accompanying statement of assets and equipment ("the statement") of the project number [insert project and project number(s)], [insert official title of project] as at [insert date].

Opinion

Clean Opinion: Option 1: (Unmodified)

In our opinion, the accompanying statement of assets and equipment presents fairly, in all material respects, the assets and equipment status of the project [insert official title of project] amounting to [insert amount in US\$] as at xxxx [insert date] in accordance with agreed upon 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, except for the effects of the matter described in the Basis for opinion section of our report, the accompanying statement of assets and equipment presents fairly, in all material respects, the balance of inventory of the project [insert official title of project] amounting to [insert amount in US\$] as at xxxx [insert date] in accordance with agreed upon accounting policies [if needed add: set out in the note to the statement].

Option 3: (Adverse opinion)

In our opinion, because of the significance of the matter discussed in the Basis for opinion section of our report, the accompanying statement of assets and equipment does not present fairly the assets status of the project [insert official title of the project] amounting to [insert amount in US\$] as at xxxx [insert date] in accordance with agreed upon accounting policies [if needed add: set out in the note to the statement].

Option 4: (Disclaimer of opinion)

We do not express an opinion on the accompanying statement assets and equipment. Because of the significance of the matter described in the Basis for opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the statement of assets and equipment amounting to [insert amount in US\$] as at xxxx [insert date].

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the auditor's responsibilities for the audit of the statement of assets and equipment. We are independent of UNDP in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with this code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

[Add here a description of the basis for the qualified, adverse or disclaimer opinion]

Management responsibilities

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

Auditor's responsibilities for the audit

Our objectives are to obtain reasonable assurance about whether the statement of assets and equipment is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these documents.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the statement of assets and equipment, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 organization's internal control.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

We draw attention to Note [X] to the accompanying statement of expenses which describes the uncertainty related to the (insert the issue). Our opinion is not qualified in respect of this matter.

Auditor's Name and Signature

Date of the auditor's report

Auditor's address

III. Sample Independent Auditor's Report on Statement of Cash Position (Statement of Cash Position is required only if there is separate bank account for each of the projects and/or petty cash) (Refer to ISA 700)

We have audited the accompanying statement of cash position ("the statement") of the project number [insert project and project number(s)], [insert official title of project] as at XXX.

Opinion

Clean Opinion: Option 1: (Unmodified)

In our opinion, the accompanying statement of cash position presents fairly, in all material respects, the cash and bank balance of the project [insert official title of project] amounting to [insert amount in US\$] as at xxxx [insert date] in accordance with agreed upon 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, except for the effects of the matter described in the Basis for opinion section of our report, the accompanying statement of cash position presents fairly, in all material respects, the cash and bank balance of the project [insert official title of project] amounting to [insert amount in US\$] as at xxxx [insert date] in accordance with agreed upon accounting policies [if needed add: set out in the note to the statement.

Option 3: (Adverse opinion)

In our opinion, because of the significance of the matter discussed in the Basis for opinion section of our report, the accompanying statement of cash position does not present fairly the cash and bank balance of the project [insert official title of project] amounting to [insert amount in US\$] as at xxxx [insert date] in accordance with agreed upon accounting policies [if needed add: set out in the note to the statement.

Option 4: (Disclaimer of opinion)

We do not express an opinion on the accompanying statement of cash position. Because of the significance of the matter described in the Basis for opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the statement of cash position amounting to [insert amount in US\$] as at xxxx [insert date].

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the auditor's responsibilities for the audit of the statement of cash position section of our report. We are independent of UNDP in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with this code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

[Add here a description of the basis for the qualified, adverse or disclaimer opinion]

Management responsibilities

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

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the statement of cash position is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these documents.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the statement of cash position, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 organization's internal control.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

We draw attention to Note X to the statement of cash position which describes the uncertainty related to the (insert the issue). Our opinion is not qualified in respect of this matter.

Auditor's Name and Signature

Date of the auditor's report

Auditor's address

Date of issuance: _____

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) 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 UNDP financial statement (CDR) (Amount of qualification). A definition of audit opinions is provided in Annex 4.

4. ANNEX 4: DEFINITION OF AUDIT OPINIONS

Unmodified (Clean) Opinion (ISA⁶ 700)

An unmodified 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.

An unmodified opinion indicates implicitly that any changes in accounting policies or in the method of their application, and the effects thereof, have been properly determined and disclosed in the financial statements.

Emphasis of Matter (ISA 706)

If the auditor considers it necessary to draw users' attention to a matter presented or disclosed in the financial statements that, in the auditor's judgment, is of such importance that it is fundamental to users' understanding of the financial statements, the auditor shall include an Emphasis of Matter paragraph in the auditor's report provided the auditor has obtained sufficient appropriate audit evidence that the matter is not materially misstated in the financial statements. Such a paragraph shall refer only to information presented or disclosed in the financial statements.

An emphasis of matter is not considered a modified opinion.

Qualified Opinion (ISA 705)

The auditor expresses a qualified opinion when:

- (a) The auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are material, but not pervasive, to the financial statements; or
- (b) The auditor is unable to obtain sufficient appropriate audit evidence on which to base the opinion, but the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be material but not pervasive.

Disclaimer of opinion (ISA 705)

The auditor disclaims an opinion when the auditor is unable to obtain sufficient appropriate audit evidence on which to base the opinion, and the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be both material and pervasive.

The auditor shall disclaim an opinion when, in extremely rare circumstances involving multiple uncertainties, the auditor concludes that, notwithstanding having obtained sufficient appropriate audit evidence regarding each of the individual uncertainties, it is not possible to form an opinion on the financial statements due to the potential interaction of the uncertainties and their possible cumulative effect on the financial statements.

Adverse Opinion (ISA 705)

The auditor shall express an adverse opinion when, having obtained sufficient appropriate audit evidence, s/he concludes that misstatements, individually or in the aggregate, are both material and pervasive to the financial statements.

⁶ ISA = International Standards on Auditing

5. Annex 5: International Standards on Auditing (ISA) 450 and 710

6.

Guidance on Reporting Prior Year Modified opinion not properly corrected or resolved

Following the International Standards on Auditing (ISA) 450 and ISA 710 that came into effect on December 2010 there is a requirement regarding a previous year modified audit opinion⁷ This audit standard requires that auditors, when expressing an opinion on this year's statements, to 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 BoA to issue a modified audit opinion on UNDP financial statements.

⁷ A "modified" audit opinion means either a qualified opinion, a disclaimer of opinion or an adverse opinion.

7. **ANNEX 6: Priority of Audit Observations and Recommendations**

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

8. ANNEX 7 TEMPLATE FOR AUDITORS TO REVIEW AND SIGN THE UPDATED ACTION PLANS FOR PRIOR YEAR AUDIT OBSERVATIONS AND RECOMMENDATIONS

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

Implementing Partner (IP)			UNDP Country Office			Government Auditors/Audit Firm		
Signature of IP Official:			Signature of UNDP Official:_____			Signature of Audit firm Official:		
Name and title (print):			Name and title (print):			Name and title (print):		
Date:			Date:			Date:		
						Stamp and Seal of audit firm: _____		

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

9.

10. ANNEX 8: TEMPLATE FOR AUDIT DATA AND OBSERVATIONS

11.

The information in the four tables below should be completed by the auditors and signed. The CO can obtain the electronic version of the word document and copy and paste the information in CARDS for each project/project audit report.

Table 1 - Template for auditors to report on the audit of the UNDP CDR

UNDP Combined Delivery Report (CDR) as at 31 December 2018							
1	Project No.	Output No.	Amount audited and certified (US\$)	Audit opinion (unqualified, qualified, adverse, disclaimer)	Total amount of qualification of audit opinion (if qualified, adverse or disclaimer of opinion)	Reason(s) for qualification of audit opinion and breakdown of NFM amount (US	Observation(s) that had impact on qualification of audit opinion (list observation number(s) and page of audit report/management letter)

Table 2 - Template for auditors to report on the audit of the statement of cash position

Statement of Cash Position				
Project No.	Output No.	Value of Cash Position Statement as at 31 December 2018 (US\$)	Audit Opinion - Statement of Cash Position	Total amount of qualification - Statement of Cash Position (US\$)

Table 3 – Template for auditors to report on the audit of the statement of assets and equipment

Statement of assets and equipment				
Project No.	Output No.	Value of assets and equipment as at 31 December 2018 (cumulative from project start date) (US\$)	Audit Opinion - Statement of Assets and Equipment	Total amount of qualification on the Statement of assets and equipment (US\$)

Table 4 - Template for auditors to report on current year audit observations and recommendations

Project No.	Output No.	Observ. No	Audit Observation	Recommendation	Audit Area	Risk Severity	Project/CO Mngmt. Comments

Name and position of Auditor: _____

Signature of Auditor: _____ Date: _____

Name and stamp of Audit Firm: _____

12. ANNEX 9: GUIDANCE OF FORMULATING AUDIT OBSERVATIONS AND RECOMMENDATIONS

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

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

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

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

CONDITION

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

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

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

CRITERIA

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

EFFECT, POTENTIAL IMPACT OR RISK

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

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

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

Risk Levels

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

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

RECOMMENDATION

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

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

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

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

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

ADDITIONAL TIPS

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

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

13. ANNEX 10: GUIDANCE ON AUDIT MATERIALITY (ISA 320, 450)

ISA 320

ISA 320 deals with the auditor's responsibility to apply the concept of materiality in planning and performing an audit of financial statements.

Financial reporting frameworks often discuss the concept of materiality in the context of the preparation and presentation of financial statements. Although financial reporting frameworks may discuss materiality in different terms, they generally explain that:

- Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements;
- Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and
- Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered.

For purposes of the ISAs, performance materiality means the amount or amounts set by the auditor at less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. If applicable, performance materiality also refers to the amount or amounts set by the auditor at less than the materiality level or levels for particular classes of transactions, account balances or disclosures.

When establishing the overall audit strategy, the auditor shall determine materiality for the financial statements as a whole. If, in the specific circumstances of the entity, there is one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements, the auditor shall also determine the materiality level or levels to be applied to those particular classes of transactions, account balances or disclosures.

The auditor shall determine performance materiality for purposes of assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures.

The auditor shall revise materiality for the financial statements as a whole (and, if applicable, the materiality level or levels for particular classes of transactions, account balances or disclosures) in the event of becoming aware of information during the audit that would have caused the auditor to have determined a different amount (or amounts) initially.

If the auditor concludes that a lower materiality for the financial statements as a whole (and, if applicable, materiality level or levels for particular classes of transactions, account balances or disclosures) than that initially determined is appropriate, the auditor shall determine whether it is necessary to revise performance materiality, and whether the nature, timing and extent of the further audit procedures remain appropriate.

ISA 450

ISA 450 deals with the auditor's responsibility to evaluate the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements.

Each individual misstatement is considered to evaluate its effect on the relevant classes of transactions, account balances or disclosures, including whether the materiality level for that particular class of transactions, account balance or disclosure, if any, has been exceeded.

The circumstances related to some misstatements may cause the auditor to evaluate them as material, individually or when considered together with other misstatements accumulated during the audit, even if they are lower than materiality for the financial statements as a whole. Circumstances that may affect the evaluation include the extent to which the misstatement:

- Affects compliance with regulatory requirements;
- Relates to the incorrect selection or application of an accounting policy that has an immaterial effect on the current period's financial statements but is likely to have a material effect on future periods' financial statements;
- Is an omission of information not specifically required by the applicable financial reporting framework but which, in the judgment of the auditor, is important to the users' understanding of the financial position, financial performance of the entity.

The cumulative effect of immaterial uncorrected misstatements related to prior periods may have a material effect on the current period's financial statements. There are different acceptable approaches to the auditor's evaluation of such uncorrected misstatements on the current period's financial statements. Using the same evaluation approach provides consistency from period to period.

APPENDIX E: THIRD-PARTY SERVICES FOR VALIDATION OF PROJECT ACTIVITIES & FINANCIAL RESOURCES

Title: Third-Party Services for Validation of Project Activities
 Scope/Place: Countrywide, Pakistan
 Unit: Management Support Unit (MSU), United Nations Development Programme, Pakistan
 Duration: Long Term Agreement – LTA (initially for 1 year with the possibility of further extension of two years upon satisfactory performance evaluation)

1. INTRODUCTION

UNDP Pakistan intends to engage of independent service provider to provide third-party services for validation of UNDP supported project activities.

This scope of work includes ad-hoc validation of selected project(s) activities and resources falling under various projects. UNDP will identify selected activities implemented in various geographical areas for third-party validation.

2. BACKGROUND

UNDP Pakistan is currently implementing its Country Programme 2018-22⁸, which sets the priorities agreed between UNDP and the Government of Pakistan in two broad areas: increasing effectiveness & accountability of governance mechanisms; enhancing resilience & socio-economic development of communities. It is expected that the bulk of work under this LTA will be for projects and field activities in Balochistan, Khyber Pakhtunkhwa, erstwhile Federally Administrated Tribal Areas (FATA), Sindh and Gilgit-Baltistan. However, geographical areas of Punjab and Azad Jammu & Kashmir may also be included.

UNDP has 20 ongoing projects, most of which have activities that can be broadly clustered along four areas: (a) upstream policy research and advocacy (focused on policy impact); (b) capacity building and advisory services (focused on institutional strengthening); (c) social cohesion, natural resource management and community infrastructure (focused on enhancing community resilience); and (d) livelihoods, skill development and access to productive assets (focused on improving on reducing household poverty)

⁸ UNDP Country Programme document can be downloaded from:

[https://www.undp.org/content/dam/pakistan/docs/Legal%20Framework/Country%20programme%20document%20for%20Pakistan%20\(2018-2022\).pdf](https://www.undp.org/content/dam/pakistan/docs/Legal%20Framework/Country%20programme%20document%20for%20Pakistan%20(2018-2022).pdf)

3. PURPOSE

The purpose of this Long-Term Agreement (LTA) is to provide timely and accurate evidence on the UNDP supported activities and resources, whenever required by UNDP. The data collected by the third-party firm(s) and the resultant findings will assist UNDP and its partners in continuously improving the delivery, quality and impact of our activities and results. The reports generated by third-party service provider will be UNDP internal documents. The users/target audience of third-party findings will include the Project Manager/Director, UNDP Resident Representative, Deputy Resident Representative (Programme), Assistant Resident Representatives.

4. SCOPE OF WORK

The third-party firm(s) will undertake data collection of selected project activities using rigorous research methodology, according to the task orders issued by UNDP. The third-party firm(s) will be responsible for development of research design/methodology, development of data collection tools (questionnaires/interview guides), recruitment and training of enumerators, timely and accurate data collection, analysis of primary and secondary data and reporting, including quality assurance of the entire process. The third-party firm(s) will submit primary data collected in the field along with analysis and summary reports to UNDP according to approved formats.

4.1. Nature of Work

The scope of work includes:

Validation of Project Activities and Financial Resources

During project implementation, UNDP management and partners may require independent validation of project activities carried out and reported by the projects and partners. The purpose is to validate reported results (by project itself and/or reported by project partners such as government, NGOs/CSOs etc.), which may also include verifying the status of activities (particularly trainings and grants) with beneficiaries.

The third-party validation will be selectively deployed especially in areas where UNDP and partners have limited direct access or where the UNDP project has nation-wide activities being implemented.

The third-party firm will use the participatory validation approach, in consultation with UNDP and its partners, according to the nature and type of the intervention being validated. An indicative list of tasks will be to: map project activities and draw samples; develop data collection instruments and checklists; deploy and train appropriately qualified and experienced validators that understand the intervention design and logic; collect, clean and analyze data; prepare validation reports that use a combination of data and beneficiary feedback informing/validating UNDP and its partners about the status of activities and, where necessary, provide activity-level financial verification identifying ineligible costs which could not be validated as a result of fieldwork.

The third-party firm may ask the following questions:

Activity	Reference	Questions for Third Party Validation
Grant (respondents: individual)	Signed beneficiary list with amount of grant/beneficiary and progress reports from the project	<ul style="list-style-type: none"> - Confirm whether the listed beneficiaries received the grant and its reported amount - Assess that beneficiary targeting followed the approved criteria - Assess that beneficiary used the grant for the authorized purposes supported by receipts/ledger books - Collect beneficiary feedback on the intervention's design, usefulness, etc.
Community infrastructure (respondents: community/ village individual)	Design, layout plan, specifications and bill of quantities	<ul style="list-style-type: none"> - Confirm status of the scheme as per agreed workplan and compare plan/design versus actual in terms of technical specifications, quality, costs, time, beneficiary coverage, etc. - Assess the technical, economic, social and environmental appropriateness of the scheme - Collect beneficiaries' feedback on design, coverage, usefulness, etc.
Training (respondent: individual)	Course curriculum, training reports, agenda, signed participants lists, etc.	<ul style="list-style-type: none"> - Confirm whether the training was imparted and compare plan/design versus actual in terms of curriculum, duration, participation, etc. - Assess the technical, economic, social and environmental appropriateness of the training - Collect use/employment/income statistics and beneficiaries' feedback on design, appropriateness, usefulness, etc.
Workshop/ Seminar/Dialogue (respondent: Community/ Village individual)	Curriculum, agenda, signed participants lists, etc.	<ul style="list-style-type: none"> - Confirm whether the event was conducted and compare plan/design versus actual in terms of curriculum, duration, participation, etc. - Assess the participants' understanding of the policy issue and related costs and benefits as well as the drive/motivation for taking appropriate action to address the policy issue - Assess the immediate changes in behavior related to the issue
Financial Verification	Signed Agreements, Financial Reports, Additional	<ul style="list-style-type: none"> - Verify proof of receipt as well as seek confirmation from individual beneficiaries - Verify if proper internal processes were followed - Verify copies of cross cheques, if any - Verify if the National Identity Cards (NICs) numbers and their copies are available for all beneficiaries - Other related documents identified in the task order

The indicative process flow for each Task Order is as follows:

Step	Action	Responsible Party	Deliverable/ Payment
1.	Issue Task Order to the Third-Party firm (approved Requisition and Purchase Order)	MSU	
2.	Accept Task Order	Third-Party	
3.	Develop research design/methodology, questionnaire, checklists, guidance and report template	Third-Party in consultation with UNDP and partners	
4.	Approve methodology and templates	UNDP	1 st Deliverable and Payment (30%)
5.	Train and mobilize the validators/monitors and other logistics	Third-Party	
6.	Collect data using approved checklists, questionnaire etc.	Third-Party	
7.	Review and quality assure the validation draft report(s) and submit to UNDP	Third-Party	2 nd Deliverable and Payment (30%)
8.	Review and provide feedback on draft report	UNDP and partners	
9.	Finalize the report(s) and submit to UNDP	Third-Party	
10.	Approve the final report	UNDP	3 rd Deliverable and Payment (40%)

APPENDIX F: QUALIFICATION/SPECIAL KNOWLEDGE/EXPERIENCE:

- 4.1 A reputable firm of Chartered Accountants with more than 10 years of experience in the audit, assurance and advisory services. Registered with all relevant professional institutions and government bodies to operate in Pakistan. Membership of a large multinational network of audit firms is required. Audit assignments will be supervised by a person of manager level with at least 5 years post article ship experience. Staff conducting the audit must have at least 2 years' experience in the firm, preferably in the audit of similar projects/activities.
- 4.2 By agreeing to these ToR, the Auditor confirms that he/she meets at least one of the following terms:
 - a) The Auditor is a professional accountant (or a firm of professional accountants) that is a member of a national accounting or auditing body or institution, which in turn is a member or associate of the International Federation of Accountants (IFAC).⁹
 - b) The Auditor is a member of a national accounting or auditing body or institution that is a recognized regulatory body of professional accountants and Auditors. The Auditor commits him/herself to undertake this engagement in accordance with the IFAC Handbook on International Standards on Auditing and Quality Control, including the Code of Ethics therein.
 - c) The Auditor is registered as a statutory Auditor in the public register of a public oversight body in a third country, and this register is subject to principles of public oversight as set out in the legislation of the country concerned (this applies to Auditors and audit firms based in a third country).
- 4.3 The Auditor is subject to the relevant ethical requirements, including those pertaining to independence and conflict of interest relating to HACT audit engagements. Relevant ethical requirements ordinarily comprise of Parts A and B of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) related to an audit of financial statements together with national requirements that may be more restrictive.
- 4.4 In addition, the agencies will seek feedback from country offices on the performance and the quality of the audit field work and audit results provided by the assigned Auditors in their respective areas and assessments based on Key Performance Indicators (in a format designed by the agencies such as reviews and sample testing, post-audit client satisfaction, etc.).
- 4.5 The composition of the audit team shall be such that the Auditor is able to comply with the International Standards on Auditing. A mixture of audit team members with different categories of Auditors and variable seniority is required for this assignment. This should

⁹ A list of IFAC members and associates is available at <http://www.ifac.org/about-ifac/membership/members>.

include a highly qualified team leader(s), expert(s), and assistant(s). The number of members will vary according to the audit subject, volume and size of the Programme(s) being audited.

- 4.6 The principal Auditor should have at least 10 years of post-qualification audit experience. The team will be led by a duly certified professional auditor, such as a Chartered Accountant (CA), Chartered Certified Accountant (CCA), Certified Public Accountant (CPA), or Certified Auditor (CA). The team should also be experienced in applying the *International Standards on Auditing*. The Auditor must employ an adequate number of staff with appropriate professional qualifications and suitable experience with ISA, including experience in auditing of entities comparable in size and complexity to the entity being audited.

Section 6: Returnable Bidding Forms / Checklist

This form serves as a checklist for preparation of your Proposal. Please complete the Returnable Bidding Forms in accordance with the instructions in the forms and return them as part of your Proposal submission. No alteration to format of forms shall be permitted and no substitution shall be accepted.

Before submitting your Proposal, please ensure compliance with the Proposal Submission instructions of the BDS 22.

Technical Proposal Envelope:

Have you duly completed all the Returnable Bidding Forms?	
▪ Form A: Technical Proposal Submission Form	<input type="checkbox"/>
▪ Form B: Bidder Information Form	<input type="checkbox"/>
▪ Form C: Joint Venture/Consortium/ Association Information Form (Not Applicable)	<input type="checkbox"/>
▪ Form D: Qualification Form	<input type="checkbox"/>
▪ Form E: Format of Technical Proposal	<input type="checkbox"/>
▪ Form H: Form of Proposal Security	<input type="checkbox"/>
Have you provided the required documents to establish compliance with the evaluation criteria in Section 4?	<input type="checkbox"/>

Financial Proposal Envelope

(Must be submitted in a password protected PDF files)

▪ Form F: Financial Proposal Submission Form	<input type="checkbox"/>
▪ Form G: Financial Proposal Form	<input type="checkbox"/>

Form A: Technical Proposal Submission Form

Name of Bidder:	[Insert Name of Bidder]	Date:	Select date
RFP reference:	[Insert RFP Reference Number]		

We, the undersigned, offer to provide the services for [Insert Title of services] in accordance with your Request for Proposal No. [Insert RFP Reference Number] and our Proposal. We are hereby submitting our Proposal, which includes this Technical Proposal and our Financial Proposal sealed under a separate envelope.

We hereby declare that our firm, its affiliates or subsidiaries or employees, including any JV/Consortium /Association members or subcontractors or suppliers for any part of the contract:

- a) is not under procurement prohibition by the United Nations, including but not limited to prohibitions derived from the Compendium of United Nations Security Council Sanctions Lists;
- b) have not been suspended, debarred, sanctioned or otherwise identified as ineligible by any UN Organization or the World Bank Group or any other international Organization;
- c) have no conflict of interest in accordance with Instruction to Bidders Clause 4;
- d) do not employ, or anticipate employing, any person(s) who is, or has been a UN staff member within the last year, if said UN staff member has or had prior professional dealings with our firm in his/her capacity as UN staff member within the last three years of service with the UN (in accordance with UN post-employment restrictions published in ST/SGB/2006/15);
- e) have not declared bankruptcy, are not involved in bankruptcy or receivership proceedings, and there is no judgment or pending legal action against them that could impair their operations in the foreseeable future;
- f) undertake not to engage in proscribed practices, including but not limited to corruption, fraud, coercion, collusion, obstruction, or any other unethical practice, with the UN or any other party, and to conduct business in a manner that averts any financial, operational, reputational or other undue risk to the UN and we embrace the principles of the United Nations Supplier Code of Conduct and adhere to the principles of the United Nations Global Compact.

We declare that all the information and statements made in this Proposal are true and we accept that any misinterpretation or misrepresentation contained in this Proposal may lead to our disqualification and/or sanctioning by the UNDP.

We offer to provide services in conformity with the Bidding documents, including the UNDP General Conditions of Contract and in accordance with the Terms of Reference

Our Proposal shall be valid and remain binding upon us for the period of time specified in the Bid Data Sheet.

We understand and recognize that you are not bound to accept any Proposal you receive.

I, the undersigned, certify that I am duly authorized by [Insert Name of Bidder] to sign this Proposal and bind it should UNDP accept this Proposal.

Name: _____

Title: _____

Date: _____

Signature: _____

[Stamp with official stamp of the Bidder]

Form B: Bidder Information Form

Legal name of Bidder	[Complete]
Legal address	[Complete]
Year of registration	[Complete]
Bidder's Authorized Representative Information	Name and Title: [Complete] Telephone numbers: [Complete] Email: [Complete]
Are you a UNGM registered vendor?	<input type="checkbox"/> Yes <input type="checkbox"/> No If yes, [insert UGNM vendor number]
Are you a UNDP vendor?	<input type="checkbox"/> Yes <input type="checkbox"/> No If yes, [insert UNDP vendor number]
Countries of operation	[Complete]
No. of full-time employees	[Complete]
Quality Assurance Certification (e.g. ISO 9000 or Equivalent) (If yes, provide a Copy of the valid Certificate):	[Complete]
Does your Company hold any accreditation such as ISO 14001 related to the environment? (If yes, provide a Copy of the valid Certificate):	[Complete]
Does your Company have a written Statement of its Environmental Policy? (If yes, provide a Copy)	[Complete]
Contact person UNDP may contact for requests for clarification during Proposal evaluation	Name and Title: [Complete] Telephone numbers: [Complete] Email: [Complete]
Please attach the following documents:	<input checked="" type="checkbox"/> Power of Attorney to the authorised representative to submit/sign the RFP submission documents and for further correspondence with UNDP on behalf of organization <input checked="" type="checkbox"/> Provide Evidence: For Local Bidders: "Category A" Chartered accountant Firms (Chartered Accountants) must be on the Panel of Auditors maintained by State Bank of Pakistan Under Section 35(1) of Banking Companies Ordinance, 1962 for local bidders. For International bidders: Their respective country regulatory authority's "Category A" rated firms. <input checked="" type="checkbox"/> Technical and Financial proposals should be submitted as separate PDF files. Financial Proposal and Financial Proposal Submission Form must be password protected.; <input checked="" type="checkbox"/> Proposer's Profile providing organogram, details of employees, CVs of key professionals, list of clients and available facilities/expertise;

- ☒ 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
- ☒ Latest Audited Financial Statements (Income Statement and Balance Sheet) for the past two years 2017-18 & 2018-19.
- ☒ Certificate of Registration of the Business, including Articles of Incorporation, or equivalent document if Proposer is not a corporation.
- ☒ Official Letter of Appointment as local representative, if proposer is submitting a proposal on behalf of an entity located outside the country.
- ☒ Demonstrated Relevant experience in implementing similar activities in the past three (03) Years. Provide proof of completion of 3 similar nature projects/contracts in last three years;
- ☒ Provide three copies of No Objection of Certificates (NOC).
- ☒ Statement of Satisfactory Performance from the Top Three Clients in terms of Contract Value the past three years for reference. Note: Please provide the latest contact details of the focal point at client for which performance certificates will be provided.
- ☒ All information regarding any past and current litigation during the last three (3) 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,
- ☒ CVs of all the personnel that will be assigned to this job.
- ☒ An affidavit on stamp paper that the Proposer has never been black listed by any institution / department / agency and that it has not been involved in litigation with any of its clients.

Form C: Joint Venture/Consortium/Association Information Form (Not Applicable)

Name of Bidder:	[Insert Name of Bidder]	Date:	Select date
RFP reference:	[Insert RFP Reference Number]		

To be completed and returned with your Proposal if the Proposal is submitted as a Joint Venture/Consortium/Association.

No	Name of Partner and contact information <i>(address, telephone numbers, fax numbers, e-mail address)</i>	Proposed proportion of responsibilities (in %) and type of services to be performed
1	[Complete]	[Complete]
2	[Complete]	[Complete]
3	[Complete]	[Complete]

Name of leading partner (with authority to bind the JV, Consortium, Association during the RFP process and, in the event a Contract is awarded, during contract execution)	[Complete]
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------

We have attached a copy of the below document signed by every partner, which details the likely legal structure of and the confirmation of joint and severable liability of the members of the said joint venture:

☐ Letter of intent to form a joint venture **OR** ☐ JV/Consortium/Association agreement
We hereby confirm that if the contract is awarded, all parties of the Joint Venture/Consortium/Association shall be jointly and severally liable to UNDP for the fulfillment of the provisions of the Contract.

Name of partner: _____	Name of partner: _____
Signature: _____	Signature: _____
Date: _____	Date: _____
 Name of partner: _____	 Name of partner: _____
Signature: _____	Signature: _____
Date: _____	Date: _____

Form D: Qualification Form

Name of Bidder:	[Insert Name of Bidder]	Date:	Select date
RFP reference:	[Insert RFP Reference Number]		

If JV/Consortium/Association, to be completed by each partner.

Historical Contract Non-Performance

<input type="checkbox"/> Contract non-performance did not occur for the last 3 years			
<input type="checkbox"/> Contract(s) not performed for the last 3 years			
Year	Non- performed portion of contract	Contract Identification	Total Contract Amount (current value in US\$)
		Name of Client: Address of Client: Reason(s) for non-performance:	

Litigation History (including pending litigation)

<input type="checkbox"/> No litigation history for the last 3 years			
<input type="checkbox"/> Litigation History as indicated below			
Year of dispute	Amount in dispute (in US\$)	Contract Identification	Total Contract Amount (current value in US\$)
		Name of Client: Address of Client: Matter in dispute: Party who initiated the dispute: Status of dispute: Party awarded if resolved:	

Previous Relevant Experience

Please list only previous similar assignments successfully completed in the last 3 years.

List only those assignments for which the Bidder was legally contracted or sub-contracted by the Client as a company or was one of the Consortium/JV partners. Assignments completed by the Bidder's individual experts working privately or through other firms cannot be claimed as the relevant experience of the Bidder, or that of the Bidder's partners or sub-consultants, but can be claimed by the Experts themselves in their CVs. The Bidder should be prepared to substantiate the claimed experience by presenting copies of relevant documents and references if so requested by UNDP.

Project name & Country of Assignment	Client & Reference Contact Details	Contract Value	Period of activity and status	Types of activities undertaken

Bidders may also attach their own Project Data Sheets with more details for assignments above.

☐ Attached are the Statements of Satisfactory Performance from the Top 3 (three) Clients or more.

Financial Standing

Annual Turnover for the last 3 years	Year	USD
	Year	USD
	Year	USD
Latest Credit Rating (if any), indicate the source		

Financial information (in US\$ equivalent)	Historic information for the last 3 years		
	Year 1	Year 2	Year 3
	<i>Information from Balance Sheet</i>		
Total Assets (TA)			
Total Liabilities (TL)			
Current Assets (CA)			
Current Liabilities (CL)			
	<i>Information from Income Statement</i>		
Total / Gross Revenue (TR)			
Profits Before Taxes (PBT)			
Net Profit			
Current Ratio			

☐ Attached are copies of the audited financial statements (balance sheets, including all related notes, and income statements) for the years required above complying with the following condition:

- Must reflect the financial situation of the Bidder or party to a JV, and not sister or parent companies;
- Historic financial statements must be audited by a certified public accountant;

- c) Historic financial statements must correspond to accounting periods already completed and audited. No statements for partial periods shall be accepted.

Form E: Format of Technical Proposal

Name of Bidder:	[Insert Name of Bidder]	Date:	Select date
RFP reference:	[Insert RFP Reference Number]		

The Bidder's proposal should be organized to follow this format of Technical Proposal. Where the bidder is presented with a requirement or asked to use a specific approach, the bidder must not only state its acceptance, but also describe how it intends to comply with the requirements. Where a descriptive response is requested, failure to provide the same will be viewed as non-responsive.

SECTION 1: Expertise of Firm / Organization

- 1.1 Brief description of the organization, including the year and country of incorporation, and types of activities undertaken.
- 1.2 General organizational capability which is likely to affect implementation: management structure, financial stability and project financing capacity, project management controls, extent to which any work would be subcontracted (if so, provide details).
- 1.3 Relevance of specialized knowledge and experience on similar engagements done in the region/country.
- 1.4 Quality assurance procedures and risk mitigation measures.
- 1.5 Organization's commitment to sustainability.

SECTION 2: Proposed Methodology, Approach and Implementation Plan

This section should demonstrate the bidder's responsiveness to the TOR by identifying the specific components proposed, addressing the requirements, providing a detailed description of the essential performance characteristics proposed and demonstrating how the proposed approach and methodology meets or exceeds the requirements. All important aspects should be addressed in sufficient detail and different components of the project should be adequately weighted relative to one another.

- 2.1 A detailed description of the approach and methodology for how the Bidder will achieve the Terms of Reference of the project, keeping in mind the appropriateness to local conditions and project environment. Details how the different service elements shall be organized, controlled and delivered.
- 2.2 The methodology shall also include details of the Bidder's internal technical and quality assurance review mechanisms.
- 2.3 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 and how everyone will function as a team.
- 2.4 Description of available performance monitoring and evaluation mechanisms and tools; how they shall be adopted and used for a specific requirement.
- 2.5 Implementation plan including a Gantt Chart or Project Schedule indicating the detailed sequence of activities that will be undertaken and their corresponding timing.
- 2.6 Demonstrate how you plan to integrate sustainability measures in the execution of the contract.
- 2.7** Any other comments or information regarding the project approach and methodology that will be adopted.

SECTION 2A: Bidder's Comments and Suggestions on the Terms of Reference

Provide comments and suggestions on the Terms of Reference, or additional services that will be rendered beyond the requirements of the TOR, if any.

SECTION 3: Management Structure and Key Personnel

- 3.1 Describe the overall management approach toward planning and implementing the project. Include an organization chart for the management of the project describing the relationship of key positions and designations. Provide a spreadsheet to show the activities of each personnel and the time allocated for his/her involvement.
- 3.2 Provide CVs for key personnel that will be provided to support the implementation of this project using the format below. CVs should demonstrate qualifications in areas relevant to the Scope of Services.

Format for CV of Proposed Key Personnel

Name of Personnel	[Insert]
Position for this assignment	[Insert]
Nationality	[Insert]
Language proficiency	[Insert]
Education/ Qualifications	<i>[Summarize college/university and other specialized education of personnel member, giving names of schools, dates attended, and degrees/qualifications obtained.]</i>
	[Insert]
Professional certifications	<i>[Provide details of professional certifications relevant to the scope of services]</i>
	<ul style="list-style-type: none"> ▪ Name of institution: [Insert] ▪ Date of certification: [Insert]
Employment Record/ Experience	<i>[List all positions held by personnel (starting with present position, list in reverse order), giving dates, names of employing organization, title of position held and location of employment. For experience in last five years, detail the type of activities performed, degree of responsibilities, location of assignments and any other information or professional experience considered pertinent for this assignment.]</i>
	[Insert]
References	<i>[Provide names, addresses, phone and email contact information for two (2) references]</i>
	Reference 1: [Insert] Reference 2: [Insert]

I, the undersigned, certify that to the best of my knowledge and belief, these data correctly describe my qualifications, my experiences, and other relevant information about myself.

Signature of Personnel

Date (Day/Month/Year)

Form F: Financial Proposal Submission Form

Name of Bidder:	[Insert Name of Bidder]	Date:	Select date
RFP reference:	[Insert RFP Reference Number]		

We, the undersigned, offer to provide the services for [Insert Title of services] in accordance with your Request for Proposal No. [Insert RFP Reference Number] and our Proposal. We are hereby submitting our Proposal, which includes this Technical Proposal and our Financial Proposal sealed under a separate envelope.

Our attached Financial Proposal is for the sum of [Insert amount in words and figures].

Our Proposal shall be valid and remain binding upon us for the period of time specified in the Bid Data Sheet.

We understand you are not bound to accept any Proposal you receive.

Note: This Financial Proposal Submission Form must be password protected and should not be included as part of the technical proposal.

Name: _____
Title: _____
Date: _____
Signature: _____

[Stamp with official stamp of the Bidder]

Form G: **Financial Proposal Form**

Name of Bidder:	[Insert Name of Bidder]	Date:	Select date
RFP reference:	[Insert RFP Reference Number]		

The Bidder is required to prepare the Financial Proposal following the below format and submit the signed and stamped PDF version of financial proposal through e-tendering system. Any Financial information provided in the Technical Proposal shall lead to Bidder's disqualification. The Financial Proposal should be aligned with the requirements in the Terms of Reference and the Bidder's Technical Proposal.

Currency of the proposal: PKR/USD

Please specify the currency in below tables local proposer should quote in PKR

Section 1–Micro Assessments

Sr.#	All-inclusive fee per micro assessment	Quantity	Fee	Out of Pocket Expense	Total Price
1	Islamabad, Karachi, Lahore	1			
2	Provincial Institutions				
2.1	Punjab (other than Lahore)	1			
2.2	Sindh (other than Karachi)	1			
2.3	Khyber Pukhtunkhwa (including Merged Districts)	1			
2.4	Balochistan	1			
2.5	Gilgit Baltistan	1			
2.6	AJK	1			
	Total				

Section 2 – Spot Checks

Sr. #	Fees for Spot Check of Projects	Up to USD 50,000				USD 50,000 to USD 250,000				USD 250,001 to USD 500,000				Above USD 500,000			
		Quantity	Professional Price	Reimbursable Price	Total Price	Quantity	Professional Price	Reimbursable Price	Total Price	Quantity	Professional Price	Reimbursable Price	Total Price	Quantity	Professional Price	Reimbursable Price	Total Price
1	Islamabad, Karachi, Lahore	1				1				1				1			
2	Provincial Institutions																
2.1	Punjab (other than Lahore)	1				1				1				1			
2.2	Sindh (other than Karachi)	1				1				1				1			
2.3	Khyber Pukhtunkhwa (including Merged Districts)	1				1				1				1			
2.4	Balochistan	1				1				1				1			
2.5	Gilgit Baltistan	1				1				1				1			
2.6	AJK	1				1				1				1			
	Total																

Section 3 – Scheduled Audits

Sr.#	Fees for Scheduled Audits of Projects	Up to USD 250,000				USD 250,001 to USD 500,000				USD 500,001 to USD 1000,000				Above USD 1000,0001			
		Quantity	Professional Price	Reimbursable Price	Total Price	Quantity	Professional Price	Reimbursable Price	Total Price	Quantity	Professional Price	Reimbursable Price	Total Price	Quantity	Professional Price	Reimbursable Price	Total Price
	Combined total																
1	Islamabad, Karachi, Lahore	1				1				1				1			
2	Provincial Institutions																
2.1	Punjab (other than Lahore)	1				1				1				1			
2.2	Sindh (other than Karachi)	1				1				1				1			
2.3	Khyber Pukhtunkhwa (including Merged Districts)	1				1				1				1			
2.4	Balochistan	1				1				1				1			
2.5	Gilgit Baltistan	1				1				1				1			
2.6	AJK	1				1				1				1			
	Total																

Section 4 –Third-Party Services for Validation of Project Activities & Financial Resources / Special Audit services / other advisory services**4.1 - Per unit hourly rate****Note: Five days project activity to be validated.**

Sr.#	Staff Designation	Number of Hour Engagement for FIVE days	Hourly Rate	Total Price
1	Partner	3		
2	Senior Manager	6		
3	Manager	10		
4	Senior Auditor (Audit Senior / Supervisor)	12		
5	Junior Auditor	15		
6	Field Engineer	8		
	Total			

4.2 - Out of pocket expense

Sr.#	Staff Designation	*Per Diem/Day	Travelling expense – Road (Round Trip) / Person	Travelling expense - Airfare (Round Trip) / Person
		Price		
1	Islamabad, Karachi, Lahore			
2	Provincial Institutions			
2.1	Punjab (other than Lahore			
2.2	Sindh (other than Karachi)			
2.3	Khyber Pukhtunkhwa (including Merged Districts)			
2.4	Balochistan			
2.5	Gilgit Baltistan			
2.6	AJK			
	Total			

Section 5 - Financial management capacity development

Sr.#	All-inclusive rates per position	Hourly Rate
1	Senior Trainer - Manager	
2	**Senior Consultant	
3	**Junior Consultant	
Total		

***Note: 1 Per Diem shall be a composite rate for all expected costs comprising of accommodation, communications, meals and incidentals.**

****Rates should be similar to that of the Senior Auditor and Junior Auditor. However, the consultant does not necessarily need to have the audit background.**

Name: _____

Title: _____

Date: _____

Signature: _____

[Stamp with official stamp of the Bidder]

- **Important Note:** This Financial Proposal Form must be password protected and should not be included as part of the technical proposal.

FORM H: Form of Proposal Security

**Bid Security must be issued using the official letterhead of the Issuing Bank.
Except for indicated fields, no changes may be made on this template.**

To: "UNDP Representative Rupee Account" or

"UNDP Representative Dollar Account

[Insert contact information as provided in Data Sheet]

WHEREAS [Name and address of Bidder] (hereinafter called "the Bidder") has submitted a Bid to UNDP dated [Click here to enter a date.](#) to execute goods and/or services (hereinafter called "the Bid"):

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

- a) Fails to sign the Contract after UNDP has awarded it;
- b) Withdraws its Bid after the date of the opening of the Bids;
- c) Fails to comply with UNDP's variation of requirement, as per ITB 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 Bidder such Bank Guarantee:

NOW THEREFORE we hereby affirm that we are the Guarantor and responsible to you, on behalf of the Bidder, 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 Bid 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 up to 30 days after the final date of validity of bids.

SIGNATURE AND SEAL OF THE GUARANTOR BANK

Signature: _____

Name: _____

Title: _____

Date: _____

Name of Bank _____

Address _____

[Stamp with official stamp of the Bank]