



Reference: RFP-2009-002

October 9, 2009

Request for Proposal (RFP)

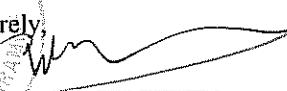
Subject: **Provision of Audit Services of the Deprived Families Economic Empowerment Program (DEEP)**

Dear Sir/Madam,

1. The United Nations Development Programme/Programme of Assistance to the Palestinian People (UNDP/PAPP) invites you to submit a proposal for **Provision of Audit Services for the Deprived Families Economic Empowerment Program (DEEP)**, as detailed in the Terms of Reference (TOR) Attachment II.
2. To enable you to submit a proposal, attached are:
 - a) Instructions to Proposers Attachment I
 - b) Terms of Reference (TOR) Attachment II
 - c) General Conditions of Contract Attachment III
 - d) Proposal Submission Form Attachment IV
3. Pre-bid meeting is to be held on **October 13, 2009 at 12:00 pm (local time)** at
**UNDP/ PAPP office,
Al Nakoura Street, Sateh Marhaba
Al Beireh - Ramallah
Tel: 02-2428040**
 - a. The pre bid meeting minutes, and any further enquiries received before October 16, 2009, will be documented and posted on the UNDP/PAPP designated web site on October 19, 2009.
 - b. For clarifications related to this RFP please contact E-mail: proc4.papp@undp.org
 - c. No inquiries will be accepted after October 16, 2009.
4. Interested parties are requested to submit their proposal on **October 26, 2009 before 11:00 am (local time)**
Submissions should be made in a sealed envelope addressed to:

**Mr. Khaled Shahwan
Deputy Special Representative (Operations).
United Nations Development Programme (UNDP)
4A Ya'kubi Street, PO Box 51359,
Jerusalem**

Proposal provided via any other method or received late will be rejected.

Yours sincerely,

Emma Creighton
Procurement Specialist UNDP/PAPP



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Attachment I

Instructions to Proposers

A. Introduction

1. You are kindly requested to submit a proposal for:

The Audit Services for the Deprived families Economic Empowerment Program (DEEP)

Background information in respect for this program to be audited is provided in Attachment II Terms of Reference (TOR). This information is intended to facilitate your assessment of the time-effort and related fees. This information shall be kept confidential by your firm and used solely in response to the present Request for Proposal.

Your proposal could form the basis for a contract between your firm and the United Nations Development Programme (UNDP).

2. Cost of the proposal

The proposer shall bear all costs associated with the preparation and submission of the proposal; the UNDP will not be responsible or liable for those costs.

B. Preparation and Contents of Proposals

Your proposal should be presented in two separate parts, technical and financial.

3. Language of the proposal

The proposals and all correspondence and documents relating to this exercise shall be written in the English language.

4. Contents of the technical proposal

The proposal shall include, but not limited to, the following information:

4.1 Proposal submission form (Attachment IV)

4.2 Profile of the audit firm:

The proposal should include a description of the audit firm's profile and provide the following information:

- a) Total number of audit professionals employed which should be distinguished by designation - audit partners, audit managers, audit seniors and audit assistants;
- b) a brief description of the firm's recruitment standards; promotion policies and continuing professional education / training policy;
- c) Five major audit clients that are serviced by the firm, with a brief description of the nature and extent of the audit services rendered; and



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- d) A description of the firm's experience in providing audit services to international development agencies or organizations, and the nature of the audit services rendered. A specific listing and description of engagements, current or prior, in UN or UNDP funded activities, if any.

4.3 Audit approach and methodology:

The proposal should describe the audit approach and methodology that will be applied by the audit firm to meet the objectives and scope of the audit services required by UNDP. This description should be accompanied with an indication of the level of personnel who will be involved in implementing each phase of the audit approach and, as applicable, a description of the statistical sampling techniques that will be used for that purpose.

4.4 Proposed Audit Team and Time-Effort:

The technical proposal should include a description of the proposed audit team and a breakdown by team member of the corresponding time-effort to be allocated for the services, expressed in number of working days by designation of staff performing the audit, i.e. as applicable: audit partner, audit manager, audit senior and audit assistant; and their fees per working day. This information should be presented in accordance with the following table, and should not contain any pricing or cost information.

Name of staff	Designation/ Title	No of work days
Total work days		

The information in the above table is critical, the absence of which will impede our evaluation of the technical proposal and will therefore lead to disqualification of the proposal.

Concise curriculum vitae of the audit team members who are assigned to handle the audit engagement should be included in the technical proposal.

4.5 Schedule of the audit

- a) The proposal should include a conceptualisation of how the audit firm, in the absence of constraints from UNDP, would schedule the execution of the audit.
 b) The timing of the audit fieldwork is expected to begin by the beginning of November, 2009. This date is subject to final determination by UNDP in consultation with the selected firm.

5. Contents of the financial proposal

The financial proposal should satisfy the following:

- a) The calculation of fees should indicate the all-inclusive cost associated with the time-effort that is proposed in your technical proposal.



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- b) All currencies of the received bids will be converted to US\$ based on the United Nations prevailing rate of exchange at date of bid opening for comparison purpose. Resulted contract with winning contractor will reflect the currency originally quoted by the contractor.

The calculation of the all-inclusive cost should be presented as follows:

Designation/Title	No. of Staff	No. of work days	Daily rate	Total fees (Currency)
Incidental expenses (OPE): [itemise expenses]				
Total fees proposed				

- c) Any incidental out of pocket expenses (OPE) must be included in the overall “fixed price” fees submitted to UNDP.
- d) The fees proposed must be a total “fixed price” quotation indicating the overall total amount in US dollars. The total fees as quoted by your firm to UNDP for the purpose of the present RFP shall be firm and final.
- e) All prices quoted must be exclusive of all taxes, since the UNDP is exempt from taxes as detailed in clause 18 of the General Conditions of Contract (**Attachment III**).
- f) No amount other than the proposed total “fixed price” fees shall be paid by UNDP for the provision of the audit services which is the subject of the present RFP.
- g) The costs of preparing a proposal and of negotiating a contract are not reimbursable by UNDP.

6. Period of validity of proposals

Proposals shall remain valid for a period of ninety (90) days from the date fixed for opening of proposals in the RFP. A proposal valid for a shorter period may be rejected by UNDP on the grounds that it is non-responsive.

7. Comprehensive and concise proposals

Proposers must provide all requisite information under this RFP and clearly and concisely respond to all points set out in this RFP. Any proposal, which does not fully and comprehensively address this RFP, may be rejected. Proposers should also limit their proposals to the requirements of this RFP. Unnecessary elaborate brochures and other presentations beyond that sufficient to constitute a complete and effective proposal are not encouraged.

8. Confidentiality



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This RFP is communicated to and received by each addressee thereof on the understanding and condition that it is confidential and proprietary to UNDP, and contains privileged information. No information contained in the RFP may be copied, exhibited or furnished to others without the prior written consent of UNDP. Proposers will be bound by the contents of this paragraph whether or not they submit a proposal or respond in any other way to this RFP.

UNDP will not return proposals received. These proposals shall be kept confidential for the sole and internal consideration of UNDP.

9. Modification of request for proposal

UNDP reserves the right to modify or exclude any consideration, information or requirement contained in this RFP and to add new considerations, information or requirements at any stage of the procurement process, including negotiations with proposers, at any time before any contract is awarded for the audit services detailed in this RFP.

C. Submission of Proposals

10. Format of proposals

The technical and financial proposals in response to the present request must be delivered in 2 (three) hard copies each, clearly marked "Original Proposal" and "Copy" as appropriate. The hard copy of the technical and financial proposals shall be accompanied by an electronic copy on a CD. In the event of any discrepancy between different copies of the proposals, the one stamped "Original Proposal" shall govern.

11. Sealing and marking of hard copies of proposals

The proposer shall seal the hard copies proposal in one outer and two inner envelopes, as detailed below:

- a) The outer envelope shall show the address as stated in paragraph 12, and marked "**Proposal for Audit Services for the Deprived families Economic Empowerment Program (DEEP)**".
- b) Both inner envelopes shall indicate the name and address of the proposer, and clearly marked:
 - "Technical Proposal" and shall contain the documents with the information stipulated in paragraph 4 above, and an electronic copy of the technical proposal on a CD. The technical proposal shall not contain any pricing information.
 - "Financial Proposal" and shall contain the total fixed-price quotation with the information stipulated in paragraph 5 above, and an electronic copy of the financial proposal on a CD.

If the two inner envelopes are not sealed and marked as per the instructions in this clause, UNDP will not assume responsibility for the proposal's misplacement, premature opening and/or consequent disqualification of your proposal.

12. Deadline for submission of proposals

The proposals stipulated in paragraph 10 shall be delivered in a sealed envelope or package marked "Proposal for Audit Services for the Deprived families Economic Empowerment Program (DEEP)".



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Proposals should reach the following address no later than **11: 00 local time Jerusalem, on October 26, 2009:**

Mr. Khaled Shahwan
Deputy Special Representative (Operations).
United Nations Development Programme (UNDP)
4A Ya'kubi Street, PO Box 51359,
Jerusalem.

It is the exclusive responsibility of the proposers to ensure that their proposal reaches the above address before the stipulated deadline. Proposals received after the deadline will be rejected.

13. Clarifications of request for proposal

Questions on any part of this RFP should be submitted, in writing. Responses will be copied to all other firms invited to submit a proposal. Questions may be sent to: E-mail: proc4.papp@undp.org

D. Opening and Evaluation of Proposals

14. Opening of proposals

Opening of proposals will commence at **11:30 local time Jerusalem, on October 26, 2009.**

15. Evaluation criteria

The evaluation of the successful proposal shall be based upon most responsiveness to UNDP requirements and shall not be solely restricted to the lowest fees proposed.

The evaluation of the proposals received by UNDP will be based on a combination of the substantive presentation (Technical proposal); and the competitiveness of the fees (Financial proposal). The criteria of evaluation will comprise these elements with a total of 100 points, as detailed in paragraphs 16 and 17.

A one procedure is utilised in evaluating the proposals, with the technical evaluation being completed prior to any financial proposal being opened and compared. Only proposals that achieve above the minimum of 36 threshold points on the substantive presentation shall be reviewed for price.

16. Evaluation of (Technical) substantive presentation (60 points)

The potential capacity to have quality services provided to UNDP will be considered on the basis of a mix of:

- the qualifications and competence of the personnel, and the number of working days proposed for the audit (20 points);
- the adequacy of the audit approach and methodology to meet the audit services required (20 points);
- the profile of your firm (10 points); and



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- The schedule of the audit engagement, assessed in terms of its responsiveness to the schedule requirements of UNDP as specified above (10 points).

17. Evaluation of competitiveness of financial proposal (40 points)

The total amount of points for the financial component is 40, in which these points are considered 30% of the total evaluation value.

Only proposals that achieve in the technical evaluation above the minimum of 42 points (i.e. at least 70% of the total 60 points) shall be reviewed for competitiveness of financial, in the following manner:

- 20 points shall be allotted to the lowest total fees proposed among those invited firms which obtain the threshold points in the evaluation of the substantive presentation. All other fees proposals shall receive points in inverse proportion to the lowest total fees; e.g.
 $[20 \text{ Points}] \times [\text{US\$ lowest total fees}] / [\text{US\$ other}] = \text{points for other proposer's fees.}$
- 20 points shall be allotted to the lowest average fee per workday computed as total fees divided by total workdays quoted by the firm. All other fees proposals shall receive points in inverse proportion to the lowest average fees per workday; e.g. $[20 \text{ Points}] \times [\text{US\$ lowest average fees}] / [\text{US\$ other}] = \text{points for other proposer's fees.}$

E. **Contracting Arrangements**

18. Award of contract

UNDP reserves the right to accept or reject any proposal received in response to this RFP and to negotiate with any of the proposers or other firms in any manner deemed to be in the best interest of UNDP.

Before the expiration date of the proposals validity, UNDP will make its best efforts to select and award the contract to the qualified proposer whose proposal, after being evaluated, is considered to be the most responsive to the needs of the organisation.

19. Signing of the contract

Any contract awarded for the services described in this RFP will be signed between the selected firm and UNDP. The duration of the contract shall expire upon UNDP's acceptance as satisfactory the audit reports that are submitted by the selected audit firm.

20. Confidentiality

The selected audit firm and their staff shall hold confidential the information obtained in connection with the audit services undertaken on behalf of UNDP.

21. Ownership of audit work papers

The audit work papers and related documentation shall be the property of UNDP and shall be kept in the custody of the selected firm. The eventual transfer, disposal or destruction of the work papers will be subject to the instructions of UNDP Office of Audit and Performance Review (OAPR).



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The audit work papers and related documentation shall be subject to submission and review by UNDP solely and at its discretion.

22. Payment

The payment for the audit services shall be made against billings made by the selected firm as follows:

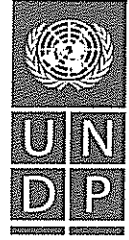
- a) 60% of the all-inclusive "fixed price" proposed by the selected firm upon the submission of the draft audit reports; and
- b) The remaining 40% balance shall be paid by UNDP following its acceptance as satisfactory the audit reports submitted by the selected firm.

The payments shall be effected by the UNDP Office in PAPP following the clearance of the audit reports and certification of satisfactory completion of service, by UNDP Office of Audit and Performance Review (OAPR), Regional Audit Services Centre in Lebanon.

23. General conditions of contract

The contract for the provision of the audit services shall be subject to the UNDP General Conditions of Contract for Professional Services that are provided in Attachment IV.

Please note that the terms set forth in this RFP and other terms of your proposal shall be included in any contract entered into between your firm and the UNDP, should UNDP accept your proposal and, that the contract will require compliance with all statements and representations made in your proposal as to the performance of the audit services.



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Attachment III
General Conditions of Contract for Professional Services

1. LEGAL STATUS

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

2. SOURCE OF INSTRUCTIONS

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

3. CONTRACTOR'S RESPONSIBILITY FOR EMPLOYEES

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

4. ASSIGNMENT

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

5. SUB-CONTRACTING

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

6. OFFICIALS NOT TO BENEFIT

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

7. INDEMNIFICATION

The Contractor shall indemnify, hold and save harmless, and defend, at its own expense, UNDP, its officials, agents, servants and employees from and against all suits, claims, demands, and liability of any nature or kind, including their costs and expenses, arising out of acts or omissions of the Contractor, or the Contractor's employees, officers, agents or sub-contractors, in the performance of this Contract. This provision shall extend,



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inter alia, to claims and liability in the nature of workmen's compensation, products liability and liability arising out of the use of patented inventions or devices, copyrighted material or other intellectual property by the Contractor, its employees, officers, agents, servants or sub-contractors. The obligations under this Article do not lapse upon termination of this Contract.

8. INSURANCE AND LIABILITIES TO THIRD PARTIES

- 8.1 The Contractor shall provide and thereafter maintain insurance against all risks in respect of its property and any equipment used for the execution of this Contract.
- 8.2 The Contractor shall provide and thereafter maintain all appropriate workmen's compensation insurance, or its equivalent, with respect to its employees to cover claims for personal injury or death in connection with this Contract.
- 8.3 The Contractor shall also provide and thereafter maintain liability insurance in an adequate amount to cover third party claims for death or bodily injury, or loss of or damage to property, arising from or in connection with the provision of services under this Contract or the operation of any vehicles, boats, airplanes or other equipment owned or leased by the Contractor or its agents, servants, employees or sub-contractors performing work or services in connection with this Contract.
- 8.4 Except for the workmen's compensation insurance, the insurance policies under this Article shall:
- (i) Name UNDP as additional insured;
 - (ii) Include a waiver of subrogation of the Contractor's rights to the insurance carrier against UNDP;
 - (iii) Provide that UNDP shall receive thirty (30) days written notice from the insurers prior to any cancellation or change of coverage.
- 8.5 The Contractor shall, upon request, provide UNDP with satisfactory evidence of the insurance required under this Article.

9. ENCUMBRANCES/LIENS

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

10. TITLE TO EQUIPMENT

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

11. COPYRIGHT, PATENTS AND OTHER PROPRIETARY RIGHTS

UNDP shall be entitled to all intellectual property and other proprietary rights including but not limited to patents, copyrights, and trademarks, with regard to products, or documents and other materials which bear a direct relation to or are produced or prepared or collected in consequence of or in the course of the



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

12. USE OF NAME, EMBLEM OR OFFICIAL SEAL OF UNDP OR THE UNITED NATIONS

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

13. CONFIDENTIAL NATURE OF DOCUMENTS AND INFORMATION

13.1 All maps, drawings, photographs, mosaics, plans, reports, recommendations, estimates, documents and all other data compiled by or received by the Contractor under this Contract shall be the property of UNDP, shall be treated as confidential and shall be delivered only to UNDP authorized officials on completion of work under this Contract.

13.2 The Contractor may not communicate at any time to any other person, Government or authority external to UNDP, any information known to it by reason of its association with UNDP which has not been made public except with the authorization of UNDP; nor shall the Contractor at any time use such information to private advantage. These obligations do not lapse upon termination of this Contract.

14. FORCE MAJEURE; OTHER CHANGES IN CONDITIONS

14.1 Force majeure, as used in this Article, means acts of God, war (whether declared or not), invasion, revolution, insurrection, or other acts of a similar nature or force which are beyond the control of the Parties.

14.2 In the event of and as soon as possible after the occurrence of any cause constituting force majeure, the Contractor shall give notice and full particulars in writing to UNDP, of such occurrence or change if the Contractor is thereby rendered unable, wholly or in part, to perform its obligations and meet its responsibilities under this Contract. The Contractor shall also notify UNDP of any other changes in conditions or the occurrence of any event which interferes or threatens to interfere with its performance of this Contract. The notice shall include steps proposed by the Contractor to be taken including any reasonable alternative means for performance that is not prevented by force majeure. On receipt of the notice required under this Article, UNDP shall take such action as, in its sole discretion; it considers to be appropriate or necessary in the circumstances, including the granting to the Contractor of a reasonable extension of time in which to perform its obligations under this Contract.

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

15. TERMINATION

15.1 Either party may terminate this Contract for cause, in whole or in part, upon thirty days notice, in writing, to the other party. The initiation of arbitral proceedings in accordance with Article 16 "Settlement of Disputes" below shall not be deemed a termination of this Contract.

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



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15.3 In the event of any termination by UNDP under this Article, no payment shall be due from UNDP to the Contractor except for work and services satisfactorily performed in conformity with the express terms of this Contract. The Contractor shall take immediate steps to terminate the work and services in a prompt and orderly manner and to minimize losses and further expenditures.

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

16. SETTLEMENT OF DISPUTES

16.1. Amicable Settlement

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

16.2. Arbitration

Unless, any such dispute, controversy or claim between the Parties arising out of or relating to this Contract or the breach, termination or invalidity thereof is settled amicably under the preceding paragraph of this Article within sixty (60) days after receipt by one Party of the other Party's request for such amicable settlement, such dispute, controversy or claim shall be referred by either Party to arbitration in accordance with the UNCITRAL Arbitration Rules then obtaining, including its provisions on applicable law. The arbitral tribunal shall have no authority to award punitive damages. The Parties shall be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of any such controversy, claim or dispute.

PRIVILEGES AND IMMUNITIES

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

TAX EXEMPTION

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

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



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19 CHILD LABOUR

- 19.1 The Contractor represents and warrants that neither it, nor any of its suppliers is engaged in any practice inconsistent with the rights set forth in the Convention on the Rights of the Child, including Article 32 thereof, which, inter alia, requires that a child shall be protected from performing any work that is likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical mental, spiritual, moral or social development.
- 19.2 Any breach of this representation and warranty shall entitle UNDP to terminate this Contract immediately upon notice to the Contractor, at no cost to UNDP.

MINES

- 20.1 The Contractor represents and warrants that neither it nor any of its suppliers is actively and directly engaged in patent activities, development, assembly, production, trade or manufacture of mines or in such activities in respect of components primarily utilized in the manufacture of Mines. The term "Mines" means those devices defined in Article 2, Paragraphs 1, 4 and 5 of Protocol II annexed to the Convention on Prohibitions and Restrictions on the Use of Certain Conventional Weapons Which May Be Deemed to Be Excessively Injurious or to Have Indiscriminate Effects of 1980.
- 20.2 Any breach of this representation and warranty shall entitle UNDP to terminate this Contract immediately upon notice to the Contractor, without any liability for termination charges or any other liability of any kind of UNDP.

OBSERVANCE OF THE LAW

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

AUTHORITY TO MODIFY

No modification or change in this Contract, no waiver of any of its provisions or any additional contractual relationship of any kind with the Contractor shall be valid and enforceable against UNDP unless provided by an amendment to this Contract signed by the authorized official of UNDP.



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[Please insert company letter-head]

Attachment IV – Proposal Submission Form

Dear Sir / Madam,

Having examined your Request for Proposal dated 9 October 2009, we, the undersigned, offer to provide of **Audit Services of the Deprived Families Economic Empowerment Program (DEEP)** for the sum of as quoted in the financial proposal.

We undertake, if our proposal is accepted, to commence and complete delivery of all services specified in the contract within the time frame stipulated.

We agree to abide by this proposal for a period of 90 days from the date fixed for opening of proposals in the Request for Proposal, and it shall remain binding upon us and may be accepted at any time before the expiration of that period.

We understand that you are not bound to accept any proposal you may receive.

Duly authorised to sign proposal for and on behalf of

Signature & Stamp of entity

Dated this day/ month / year

Name of representative:

Address:

Telephone/ Fax:

United Nations Development Programme
Programme of Assistance to the Palestinian People
برنامج الأمم المتحدة الإنمائي/ برنامج مساعدة الشعب الفلسطيني



Attachment II

SPECIMEN TERMS OF REFERENCE (TOR) FOR AUDITS OF NGO AND NIM PROJECTS

Rev.3 January 2009

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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 co-ordinating 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 and to the government co-operating agency (or NGO) in agreeing to the terms of reference for the projects managed by governments (or NGOs).

This specimen TOR has been revised to show additional requirements in the audit services required (Part E and Annex 9) as well as areas to be covered in the audit report and management letter (Part F and Annex 1), as follows:

Auditors must certify, express an opinion, and quantify the net financial impact on each of the following:

Phase I Audit (one package audit)

- (i) *Statement of Expenditure (CDR) for the fiscal years 2006, 2007 & 2008.*
- (ii) *Cash position statement as at December 31st, 2008.*
- (iii) *Statement of assets and equipment as at 31 December 2008.*

Phase II Audit (annual basis audit)

- (i) *Statement of Expenditure (CDR) for the fiscal years 2009, 2010 ,*
 - (ii) *Cash position statement as at December 31st, 2009 and December 31st, 2010.*
 - (iii) *Statement of assets and equipment as at December 31st, 2009 and December 31st, 2010.*
- *Auditors must indicate the risks associated with their findings and provide a categorization by risk: High, Medium, or Low.*
 - *Auditors must provide a classification of possible causes of the audit findings.*
 - *Auditors must provide the monetary value of the Net Financial Impact of the qualification if the audit opinion on the CDR is Qualified, Adverse or Disclaimer.*

Country offices must ensure the audit services are adequately covered as specified in the present TOR and combined delivery reports (CDRs) are duly certified by the Implementing Partners and Auditors and signed by UNDP CO Management and attached to the audit reports.

Annex 1 to these TOR provides the standard scope of audit.

Annex 2 describes the qualifications of the auditor and may help in the process of selecting auditors. Where the TOR is being supplied to a short list of firms as part of a request for proposals and the firms short listed have been pre-qualified, then the list of qualifications would not be needed.

Annex 3 is a sample of audit reports that need to be submitted by the auditor.

Annex 4 provides a definition of audit opinions

Annex 5 defines the three risk categories of audit findings

Annex 6 provides the classification of possible causes of audit findings

Annex 7 provides a sample of **certified prior year follow-up action plans** that need to be submitted to OAI – **Revised form**

Annex 8 provides a sample of **current year follow-up action plans** that need to be submitted to OAI – **Revised form**

Annex 9 provides the form for submission of audit reports by the auditors - **New form**

A. Background

The Deprived families Economic Empowerment Program (DEEP) is a pilot project funded by the Islamic Development Bank and executed by United Nations Development Program (UNDP) in partnerships with the Palestinian Authority (PA). The DEEP will work through intermediary Non Governmental Organizations (NGOs) and Microfinance Institutions (MFIs) to provide a comprehensive package of financial and non-financial services to meet the needs of the poor and very poor families in Palestine.

The overall goal of the DEEP is: 'Poverty reduction in the occupied Palestinian territories through access to promotional social safety net activities package and financial services', while the purpose to be achieved during DEEP's UNDP lifetime is:

Empowering and graduating Palestinian chronic and hard hit poor families from being economically dependent to independent providers of income, through accessing a package of financial and non-financial (Promotional Social Safety Net Activities) services that address their needs.

To ensure progress towards DEEP's purpose, the following project outputs focusing on its four core components, will be achieved:

- (1) Promotional Social Safety Net Activities (PSSNA) Output:
- (2) Access to Finance Output:
- (3) Strengthening Institutional Capacity of Partners Output:
- (4) Project Management Office of DEEP Spins-off and is institutionalized:

This TOR is directed to the audit of special purpose financial statements, which are referred to as Combined Delivery Reports (CDR).

The projects to be audited are all projects under Award No.00044201, specified in the schedule below:

Project ID	Project Title	The Implementing Partners(NGOs)
57917	PICTI - Income Gen. ICT	The Palestinian Information & Communication Technology Incubator
57918	GCDG	Gaza Culture and Development Group
57919	YEP	Young Entrepreneurs Palestine
57920	PYU	Palestinian Youth Union
57921	PAC	Public Affairs Council
57922	SHAREK	SHAREK Youth Forum
57923	LRC	Land Research Centre

57924	PADR	Palestinian Association for Development and Reconstruction
57925	BWF	Business Women Forum
57926	LASS	Local Association for Social Services
57927	KCWHC	Kalandia Camp for Handicraft Cooperative
57928	YMCA	Young Men Christian Association - East-Jerusalem
57929	UAWC	Union of Agriculture Work Committee
57930	PHG	Palestinian Hydrology Group
57931	PARC	Agriculture Development Association
57935	INASH	Society of INASH EL USRA
51843	PAL/ Micro Finance	PAL/ Micro Finance

Workloads Clarifications for 2006,2007 & 2008

Below find some clarifications which can help describe the workloads during the FY 2006, 2007 & 2008:

Year 2006:

- All the payments/expenditure made in the year 2006 related to DEEP project preparation at UNDP(i.e. consultation , preparation of project documents and project launching costs.)

Year 2007:

- Expenditures in the year 2007 related to project staffing and offices establishment (procurement of fixed assets , and offices rent etc.)
- Selection of NGOs and MFIs started during 2007 and first advance payments were made in the 4th quarter of the year 2007.
- Other expenditures like: personnel , logistics and project overheads were made during the year.

Year 2008:

- NGOs and MFIs started to submit their 1st liquidation reports for cash replenishment.
- All the liquidation reports are revised and checked by DEEP staff before preceding any payment.
- Other expenditures like: personnel , logistics and project overheads were made during the year.

Simple schedule shows the work volume and help indicating the estimated efforts needed:

Year	Disbursements/ USD	Total Transactions
2006	138,842.00	22
2007	4,916,340.00	367
2008	9,794,138.00	440
Total	\$14,849,320	829

B. Project Management

The project is executed by UNDP through the PMU (Project Management Unit) located at UNDP offices – El Bierh Sateh Marhaba street.

Phone number: +972-2-242 8040

Fax number: +972-2-242 8047

Websites: www.deep.ps ; www.undp.ps

Contact Person(s):

Nawwaf Al-Atawneh – Project Manager: nawwaf.al-atawneh@undp.org

DEEP projects implementing partners contacts list is provided in annex 10.

BUDGET

Project components	Budget allocation in USD
Service line 1: Financial products 1. Micro business financing fund 2. Loan guarantee fund 3. Social security package fund 4. Consumption and educational fund	16,000,000
Service line 2: Non-financial products: 1. Business development services package 2. Grants for start-ups scheme 3. Special business initiatives fund	7,000,000
Service line 3: Capacity building: 1. Surveys and assessments 2. Training 3. Technical assistance 4. Equipment 5. Study tours	2,000,000
Project management and oversight : 1. Project management office 2. TA as per project components 3. Supervision (audits, management reviews, etc.)	1,700,000
Monitoring and evaluation: 1 MIS 2. Field visits 3. Validation checks 4. Interim reviews	300,000
Contingencies (10%)	2,700,000
TOTAL	29,700,000

C. Consultations with concerned parties:

Prior to the start of audit work the auditor will be required to consult with the UNDP country office, Further, upon completion of the draft audit report and management letter, the auditor will be required to meet with the UNDP country 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 to be audited

A. 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. As described in more detail below, the CDR combines expenditures from three disbursement sources for a calendar year. 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* expenditure 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* expenditure columns 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 expenditure 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 authorised 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. UNDP is fully responsible and accountable for these expenditures and, accordingly, maintains all supporting documentation for the disbursement. **(This expenditure is outside the scope of audit and, therefore, will not be reviewed by the auditors. This scope limitation should not be used as a reason for issuing a qualified audit opinion on the CDR).**

3. *UN agencies*

The UN agency reports its expenditures to UNDP and to the government. The UNDP country office enters the expenditures in ATLAS. These UN agency expenditures are recorded in the *UN Agencies* expenditure column in the CDR.

At the end of the year, after receiving the fourth quarter financial report from the implementing partner and the year-end expenditure 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 expenditure statement for the year.

The signed CDR and supporting documentation for the years 2006, 2007 and 2008 will be ready by 31 March 2009.

The signed CDR and supporting documentation for the years 2009, and 2010 will be ready by 31 March 2010 and 2011 respectively.

E. Audit Services Required

- The entity subject to audit is the Deprived Families Economic Empowerment Programme located at UNDP offices in El-Bireh – Sateh Marhaba Street.
- That the audit will be carried out in accordance with ISA¹ auditing standards.
- That the audit will be divided into two phases :

Phase I: The audit should cover the years 2006, 2007, 2008 as one package.

Phase II: The audit will cover the years 2009 and 2010 separately and on annual basis.

- The scope of the audit is limited to the implementing partner expenditures, 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 will verify the mathematical accuracy of the CDR by ensuring that the expenditures described in the supporting documentation (the quarterly financial reports, the list of direct payments processed by UNDP at the request of the government, the list of disbursements made by UNDP as part of support services, and the UN agency expenditure statement) are reconciled to the expenditures, by disbursing source, in the CDR.
- **That the auditor will state in the audit report the amount of expenditures excluded from the scope of the audit because they were made by UNDP as part of direct support services and the amount of total expenditures excluded because they were made by a UN agency. (Please refer to Section D., 2(b) above. This scope limitation is not a valid reason for the auditors to issue a qualified audit opinion on the CDR.)**
- That the auditor will 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.

Phase I Audit Works (One package audit):

- The auditor will provide an opinion as to the overall financial situation of the project as at 31st December , 2008 and will certify:
 1. The Statement of Expenditure (CDR) for the fiscal years 2006, 2007, and 2008.
 2. The Statement of Cash Position reported by the projects as at 31 December 2008.
 3. The Statement of Assets and Equipment held by the project as at 31 December 2008

Phase II Audit Works (annual basis audit):

The auditor will provide an opinion as to the overall financial situation of the project as at 31st December, 2009 and 2010 and will certify:

1. The Statement of Expenditure (CDR) for the fiscal years 2009 and 2010.
2. The Statement of Cash Position reported by the projects as at 31 December 2009 and 31 December 2010.

¹ International Standards of Auditing (ISA) published by the International Auditing Practices Committee of the International Federation of Accountants

3. The Statement of Assets and Equipment held by the project as at 31 December 2009 and 31 December 2010.

- That the auditor will provide in monetary value, the net financial impact of any audit qualification (negative opinion: qualified, adverse, disclaimer) on the Statement of Expenditure (CDR) where applicable.
- That the auditor/audit firm will submit a draft audit report after 60 days started from contract commencement date and a final signed audit report with certified statements 7 days after drafts submission.

Note: Audit opinions must be one of the following: (a) qualified (negative), (b), unqualified (favourable), (c) adverse (negative), or (d) disclaimer (negative). If the audit opinion is other than "unqualified" (favourable) 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 action taken or planned to be taken to address the issues underlying the qualification. A definition of audit opinions is provided in Annex 4.

F. The Audit Report and Management Letter

a. Audit Report

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 report and its intended use.
- The audit standards that were applied (INTOSAI standards, ISAs, or national standards that comply with one of these in all material respects).
- The period covered by the opinion.
- The net financial impact of the qualification on the CDR where applicable.
- The scope limitation (description and value) for those transactions that are the responsibility of UNDP (as part of support services) or a UN agency. **Important to note:** Such scope limitation **should not** be reason for qualified audit opinions; as such transactions would be excluded from the audit scope.

Phase I Audit (one package audit)

- Whether the Statement of Expenditure (CDR) for the years 2006, 2007 & 2008 are adequately and fairly presented.
The disbursements made are in accordance with the purpose for which funds have been allocated to the project and;
- Whether the Statement of Assets and Equipment is fairly and adequately presented as at 31 December 2008; and ,
- Whether the Statement of Cash Position reported by the project is fairly and adequately presented as at 31 December 2008.

Phase II Audit (annual basis audit)

- Whether the Statement of Expenditure (CDR) for the years 2009 & 2010 are adequately and fairly presented.
The disbursements made are in accordance with the purpose for which funds have been allocated to the project and;
- Whether the Statement of Assets and Equipment is fairly and adequately presented as at 31 December 2009; and 31 December 2010 and ,

- Whether the Statement of Cash Position reported by the project is fairly and adequately presented as at 31 December 2009 and 31 December 2010.

b. Management Letter

The management letter should cover the following topics/issues:

- A general **review of project progress** and timeliness in relation to progress milestones and the planned completion date, both of which should be stated in the project document or 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 the 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 management letter should also include the following:

- The **categorization of audit findings by risk severity**: High, Medium, or Low. Definitions of these categories are given in Annex 5.
- The **classification of possible causes of the audit findings**. Definitions of these causes are given in Annex 6.
- **Management comments/response** to audit findings and recommendations (project management and/or UNDP, as applicable).
- Optionally, comments as to whether recommendations made in the management letter for the previous audit were implemented and the implementation status. **Important note**: This is **not** a substitute for the submission to OAI of a 'follow-up action plan/certified follow-up action plan' (see Annex 7 and Annex 8).

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 User Guide on Results Management.
- Review the Annual Project Reports 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(s) were provided in line with project document or AWP.

Assessment of internal control

The auditor is expected to conduct a general assessment of internal controls according to established internal control standards. An example of established internal control standards is available from the Organization of Supreme Audit Institutions (INTOSAI). The INTOSAI standards are intended for use by government managers to use as a framework to establish effective internal control structures. For further information, the INTOSAI *Guidelines for Internal Control Standards* can be found on the INTOSAI Web site www.intosai.org. An overview of the standards can be found in the UNDP Contact tool (Chapter 6).

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

- Review expenditures made by the implementing partner and assess whether they are in accordance with project document, AWP and budgets; and are in compliance with the UNDP User Guide on Results Management.
- 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 User Guide on Results Management; 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 authorised 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

All the expenditure payments documents are kept in the Financial Department at UNDP offices in Jerusalem, , project agreements and liquidation reports documentation submitted by the implementing partners (NGOs) are kept in DEEP at UNDP offices - Al-Bireh.

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.

ANNEX 1: AUDIT SERVICES REQUIRED

The scope of audit services shall 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 expenditure, 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 expenditure 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 records maintenance.

Information System

The audit work shall cover the information and communication systems and the control and security of equipment and data.

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.

Scope Limitation

Transactions/actions that are performed by the UNDP office at the request and on behalf of the project (i.e. UNDP support services) are **not** to be included in the audit scope. **Important note:** Such scope limitation should not be a reason for issuing a qualified (negative) audit opinion by the auditors. Please refer to Section D., 2(b) for additional information.

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 ongoing assignments indicating capability and capacity to undertake the audit.

ANNEX 3: SAMPLE AUDIT REPORT (for an unqualified opinion)

Auditor's report to:

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

a) Certification of Statement of Expenditure

We have audited the accompanying Statement of Expenditure ("the statement") of the UNDP project number _____ [*Atlas award and project number*] for the period 1 January 200__ to 31 December 200__. The statement is the responsibility of the management of the project. Our responsibility is to express an opinion on the statement based on our audit.

We conducted our audit in accordance with International Standards of Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the statement of expenditure **presents fairly (unqualified (positive audit opinion))**, in all material respects the expenditure of _____ [*insert amount in US\$*] incurred by the project for the period 1 January 200__ to 31 December 200__ in accordance with UNDP accounting requirements.

Or (qualified (negative audit opinion))

In our opinion, the statement of expenditure, **except for** (a), (b), (c), etc., presents fairly in all material respects the expenditure of _____ [*insert amount in US\$*] incurred by the project for the period 1 January 200__ to 31 December 200__ in accordance with UNDP accounting requirements. The total **net financial impact** of this qualification is _____ [*insert amount in US\$*].

Or (disclaimer (negative audit opinion))

We were **unable to obtain sufficient appropriate audit evidence** and accordingly are unable to express an opinion on the statement of expenditure of _____ [*insert amount in US\$*] incurred by the project for the period 1 January 200__ to 31 December 200__. The total **net financial impact** of this opinion is _____ [*insert amount in US\$*].

Or (adverse (negative) audit opinion)

We noted material differences between _____ and the statement of expenditure. As such, we **do not express an opinion** on the statement of expenditure, of _____ [*insert amount in US\$*] incurred by the project for the period 1 January 200__ to 31 December 200__. The total **net financial impact** of this opinion is _____ [*insert amount in US\$*].

b) Certification of Statement of Assets and Equipment

We have audited the accompanying Statement of Assets and Equipment ("the statement") of the UNDP project number _____ [*Atlas award and project #*] as at 31 December 200__. The statement is the responsibility of the management of the project. Our responsibility is to express an opinion on the statement based on our audit.

We conducted our audit in accordance with International Standards of Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the statement of assets and equipment presents fairly (**unqualified/favourable**), in all material respects the inventory balance of the project amounting to _____ [insert amount in US\$] as at 31 December 200__ in accordance with UNDP requirements.

c) Certification of Statement of Cash Position

We have audited the accompanying Statement of Cash Position ("the statement") of the UNDP project number _____ [Atlas award and project #] as at 31 December 200__. The statement is the responsibility of the management of the project. Our responsibility is to express an opinion on the statement based on our audit.

We conducted our audit in accordance with International Standards of Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the statement of cash position presents fairly (unqualified (positive audit opinion)), in all material respects the cash balance of the project amounting to _____ [insert amount in US\$] as at 31 December 200__ in accordance with UNDP requirements.

This report is intended solely for the information and use of UNDP and the Government of XYZ Country (or NGO).

Date of issuance: _____

AUDITOR'S NAME (Please print) _____

AUDITOR'S SIGNATURE _____

AUDITOR'S/FIRM ADDRESS _____

<p>Note: Audit opinions must be one of the following: (a) qualified, (b), unqualified, (c) adverse, or (d) disclaimer. If the audit opinion is other than "unqualified" the audit report must describe both the nature and amount of the possible effects on the financial statements (NET FINANCIAL IMPACT). A definition of audit opinions is provided in Annex 4.</p>
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ANNEX 4: DEFINITION OF AUDIT OPINIONS

Unqualified (Clean or positive) Opinion

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

Qualified Opinion

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

Disclaimer of opinion

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

Adverse

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

ANNEX 5: CATEGORIZATION OF AUDIT FINDINGS BY RISK SEVERITY

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

ANNEX 6: CLASSIFICATION OF POSSIBLE CAUSES OF AUDIT FINDINGS

Compliance	Failure to comply with prescribed UNDP 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

- NOT APPLICABLE (THE PROJECT DID NOT HAVE AUDIT FOR THE PREVIOUS TWO YEARS : 2006 & 2007

ANNEX 8: SAMPLE - CURRENT YEAR (2008) FOLLOW-UP ACTION PLAN

_____ [insert country office name] (to be submitted to OAI 30 June 2009)

Sr No.	Observation	Impact on Audit Opinion (Y/N)	Impact Severity (High, Medium, Low)	Possible cause (guidance, compliance, etc.)	Action Plan (Comments & Name of Focal Points)	Target Date and status (completed, in progress, not addressed)
1	Award title: [insert title] Award Number: [insert number] Award total expenditure as per CDR: [insert amount in US\$]					
1.1	Audit area: Financial Management (FM)					
1.1.1	[insert audit issue and page number in audit report]	Yes	High	Compliance		
1.1.2	[insert audit issue and page number in audit report]	No	Medium	guidelines		
1.2	Record keeping systems and controls (RC)					
1.2.1	[insert audit issue and page number in audit report]	No	Medium	guidelines		
2	Award title: [insert title] Award Number: [insert number] Award total expenditure as per CDR: [insert amount in US\$]					
2.1	Financial Management (FM)					
2.1.1	[insert audit issue and page number in audit report]					
2.1.2	[insert audit issue and page number in audit report]					
2.1.3	[insert audit issue and page number in audit report]					
2.2	Project progress and rate of delivery (PP)					
2.2.1	[insert audit issue and page number in audit report]					

Sr No.	Observation	Impact on Audit Opinion (Y/N)	Impact Severity (High, Medium, Low)	Possible cause (guidance, compliance, etc.)	Action Plan (Comments & Name of Focal Points)	Target Date and status (completed, in progress, not addressed)
2.3	Record keeping systems and controls (RC)					
2.3.1	[insert audit issue and page number in audit report]					
3	Project: Support to the National Governance Programme. Award Number: 33063; Total expenditure as per CDR: US\$ 122,795.65					
3.1	Management and use of equipment / Inventory (EQ)					
3.1.1	[insert audit issue and page number in audit report]					
3.1.2.	[insert audit issue and page number in audit report]					

Total addressed _____ (% implemented)
a) Total completed _____ b) Total in progress _____ c) Total not addressed _____

(a) Project Management
Date: _____

(b) UNDP Country Office Management
Date: _____

Certified by: _____
(Signature of National Project Director (NPD))

Certified by: _____
(Signature of UNDP Resident Representative)

Name of NPD _____ Entity _____
(Please print)

Name of RR _____
(Please print)

Annex 9 - Specimen submission form for audit reports and audit opinions - to be completed and signed by NGO/NIM auditors (template)

_____ [insert country office name] (to be submitted to OAI 31 May 2009)

1	2	3	4	5	6	7	8	9	10	11	12	13	14	13	14	13	14
S/N	Atlas Award No.	Atlas Project No.	Implem. Partner type (GOV or NGO or UND for GFATM sub-recipients)	Impl partner code	Fund code ID	Y2008 Total Expenditure (Atlas GDR amount)	Y2008 NGO/NIM Govt expenditure audited and certified (amount from GDR) (e.g. advances, direct paymts.) excludes CO direct support to NIM expenditure)	Y2008 Total GFATM Sub-recipient expenditure audited	Y Y2008 Total expenditure excluded from audit. (e.g. CO direct support to NIM exp., DEX exp., Agency exp.)	Audit opinion rendered (unqualified, qualified, disclaimer, adverse)	Net financial impact of modified audit opinions (qualified, adverse or disclaimer opinion)	Root cause of the issue that contributed to the modified opinion	Reason for rendering modified audit opinion and provide breakdown of amounts of amounts	(a) Corrective action planned or taken by the project and/or the country office to address the cause and the issue(s) that contributed /resulted in a qualified audit opinion	General comments		
1																	

(1) Name of auditor and firm _____
 _____ (please print)
 Signature of auditor and stamp of audit firm _____

Note 1: Completion of this form is mandatory.

Note 2: Amounts to be entered in columns 8 to 10 are components of the total CDR amount and must add up to the total CDR expenditure amount indicated in column 7: Y2008 total expenditure, as per Atlas generated CDR

(2) Project management: _____
(Name and title) _____
(Signature and date)

(3) Country Director or Resident Representative: _____
Name _____
(Signature and date)

(Please refer to the OAI website for the template in excel)

Annex 10: DEEP Projects Implementing Partners (NGOs) Contacts List

Project #	Project ID	Organization name:	Telephone	Fax	Project Contact Person	Mobile	email
1	57917	The Palestine Information and Communications Technology Incubator (PICTI)	240 9290	240 9294	Laith Kassis		laith.kassis@picti.ps ; hana.beida@picti.ps
2	57918	Gaza Culture & Development Group (GCDG)	08-2830014		Nadera Sharab	0599-420396	info@gcdgruop.org
3	57919	Young Entrepreneurs Palestine (YEP)	29745 15	297 5613	Ghasan Amateh	0599-986705	ghassan@yep.ps
4	57920	Palestinian Youth Union (PYU)	2981313/4	295 78 10	Zarifeh Malki	0599-362294	zarifeh@pyu-pal.org; pyu2002@hotmail.com
5	57921	Public Affairs Council (PAC)	2402606	2407001	Abed Al-Karceem Abu Arqoub	0599-357471	
6	57922	Sharek Youth Forum (SHAREK)	296 7741	296 7742	Yousef Ghosheh	0599-797304	yousef.ghosheh@sharek.ps
7	57923	Land Research Center (LRC)	2217239	2217239	Mohamad Hasasneh		mohds@lrcj.org
8	57924	Palestinian Association for Development & Reconstruction (PADR)	08-2863859	08-28666355	Taysir Balbisi		tbalbasi@yahoo.com
9	57925	Business Women Forum {BWF }	2409595		Doa Wadi	0599-675552	dwadi@bwf.ps
10	57926	Local Association for Social Services (LASS)			Mohamed El Nahawi	0599-0131116	m-nahawi2010@hotmail.com
11	57927	Kalandia Camp for Handicraft Cooperative (KCWHC)	6569385	5856966	Niveen Mohamed		qalandia@palnet.com
12	57928	East Jerusalem Young Men Christian Association - (YMCA)	2959987	2959986	Khader Saba Abu Abbara	0599-811938	khader@east-jerusalem-ymca.org
13	57929	Union of Agricultural Work Committees (UAWC)	2954289	2965545	Riyad Abu Hashem	0599-251723	riad-a@uawc-pal.org
14	57930	Palestinian Hydrology Group (PHG)	2966315	2966319	Samihan Samhan	0599-255889	samhan@phg.org
15	57931	Agricultural Development Association (PARC)	2963840	2963850	Nihaya Hamoudeh	0522- 653271	nihaya@pal-artc.org
16	57935	Society of Inash El Usra (INASH)	240 1123		Farida Amad		usra@palnet.com
17	51843	PAL/MICRO FINANCE					
18							
19	1	Palestine for Credit & Development - FATEN	2961470	2961472	Anwar Jayousi		
20	2	The Palestinian Businesswomen Association - ASALA	2400532	2402433	Reem Aboushi		
21	3	Palestinian Agriculture Relief Committee - PARC	2963840	2963850	Nihaya Hamoudeh		nihaya@pal-artc.org
22	4	The Arab Center for Agricultural Development - ACAD	2409660		Samir Barghouthi		

5	East Jerusalem Young Men Christian Association - (YMCA)	2956769	Samir Shalaldeh	sameersh@east-jerusalem-ymca.org
6	REEF Financing	2951071	Mohammad Abu Dalo	