



Request for Proposal (RFP)

Date: 26 April 2011

Dear Sir/Madam,

Subject: Request for Proposal for the Provision of Audit Services

1. You are kindly requested to submit a proposal for the audit of two (2) projects that are directly implemented (DIM) by the UNDP Country office in Afghanistan, as per enclosed Terms of Reference (TOR).
2. To enable you to submit a proposal, attached are:
 - i. Instructions to Proposers Attachment I
 - ii. Background Information on Projects Attachment II
 - iii. Terms of Reference (TOR) of Audit Services Attachment III
 - iv. General Conditions of Contract Attachment IV
 - v. Proposal Submission Form Attachment V
 - vi. Acknowledgement Letter Attachment VI
 - vii. Price Schedule Attachment VII
 - viii. Model Contract Form for Professional Services Contract Attachment VIII

Your proposal should reach the following address in hardcopy and softcopy in the form of Compact Disk (CD) no later than **10 May 2011, on or before at 15:00 hrs** (Kabul time). Email copies will not be accepted or considered. The submission should be marked and titled "RFP No. UNDPAFG-2011-0100 - Provision of Audit Services to UNDP DIM Projects"

United Nations Development Programme
Shah Mahmood Ghazi Watt
Kabul, Afghanistan
Procurement Unit
Tel: (+93) 0 20 212
Fax: (+873) 763 468 836

4. If you request additional information, we would endeavor to provide information expeditiously, but any delay in providing such information will not be considered a reason for extending the submission date of your proposal.
5. Your firm is kindly requested to return the attached acknowledgement letter (Attachment VI) no later than **02 May 2011** to indicate whether or not your firm intends to submit a proposal or not.

Yours sincerely,

UNDP Procurement Team

Attachment I - Instructions to Proposers

A. Introduction

1. You are kindly requested to submit a proposal for the audit of two (2) projects that are Directly Implemented (DIM) by the UNDP Country Office in Afghanistan.

Background information in respect of the two DIM projects to be audited is provided in Attachment II. This information is intended to serve in 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 V)

- 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;
- 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; and

- e) Concise curriculum vitae of all audit personnel who would be assigned to handle this audit engagement.

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 (number and rank/designation) 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.

This section should demonstrate the proposal's responsiveness to the specification by identifying the specific components proposed, addressing the requirements, as specified, point by point; and demonstrating how the proposed methodology meets or exceed the specification.

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	Type of services (e.g. audit field work, audit report review, etc.)
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.

A 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 no later than 25/06/2011. This date is subject to final determination by UNDP in consultation with the selected firm.

5. Contents of the financial proposal

Attachment II provides background information on the nature and volume of operations of the projects, which would serve in the assessment of your time-effort and related fees. The financial proposal should satisfy the following:

- a) 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.
- b) 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 IV).
- c) The calculation of fees should indicate the all-inclusive cost in US dollars associated with the time-effort that is proposed in your technical proposal. The calculation of the all-inclusive cost should be presented as follows:

Designation/Tile	No. of staff	No. of work days	Daily rate	Total fees (US\$)
Incidental expenses (OPE): [itemise expenses]				
Total fees proposed				

- d) Any incidental out of pocket expenses (OPE) must be included in the overall “fixed price” fees submitted to UNDP.
- e) 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.
- f) 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 sixty (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

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 two hard copies each, clearly marked on as original “Original Proposal” and one as “Copy” as appropriate. The hard copy of the technical and financial proposals shall be accompanied by an electronic copy stored 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 Two (2) DIM Projects”.
- 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 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 stored 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 “RFP No. UNDPAFG-2011-0100 – Provision of Audit Services to UNDP DIM Projects”. Proposals should reach the following address no later than **15:00 hrs (Kabul time), on 10 May 2011:**

United Nations Development Programme
Shah Mahmood Ghazi Street
Procurement Unit
Tel: (+93) 0 20 212
Fax: (+873) 763 468 836

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, to Mr. Moqim Azizi, Procurement Associate, UNDP CO. Responses will be copied to all other firms invited to submit a proposal. Questions may be sent via email at moqim.azizi@undp.org or via fax: (+873) 763 468 836.

D. Opening and Evaluation of Proposals

14. Opening of proposals

Opening and registration of proposals will commence at **15:30 (Kabul time), on 10 May 2011** at the address stated in paragraph 12. Each proposer may send one authorized representative to attend the opening and registration of proposals.

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 and the competitiveness of the fees. The criteria of evaluation will comprise these elements with a total of 100 points, as detailed in paragraphs 16 and 17.

A two-stage 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 42 threshold points on the substantive presentation shall be reviewed for price.

16. Evaluation of 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
- 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 fees (40 points)

The total amount of points for the fees component is 40.

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

- 40 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. $[20 \text{ Points}] \times [\text{US\$ lowest total fees}] / [\text{US\$ other}] = \text{points for other proposer's fees.}$

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 organization.

19. Signing of the contract

Any contract awarded for the services described in this RFP will be signed between the selected firm and UNDP Office in Afghanistan on behalf of the UNDP Office of Audit and Investigations (OAI), Regional Audit Centre for Asia and the Pacific (RAC-AP). 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 OAI, RAC-AP.

The audit work papers and related documentation shall be subject to submission and review by OAI, RAC-AP 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 to RAC-AP with copy to the UNDP Office in Afghanistan; and
- b) the remaining 40% balance shall be paid by UNDP Office in Afghanistan following OAI, RAC-AP's acceptance as satisfactory of the final audit reports submitted by the selected firm.

The payments shall be effected by the UNDP Office in Afghanistan following the clearance of the audit reports and certification of satisfactory completion of service, by UNDP Office of Audit and Investigations (OAI), Regional Audit Centre for Asia and the Pacific (RAC AP).

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.

***Attachment II - Background Information on the Two (2)
Direct Implementation (DIM) Projects***

Project Title: Enhancing Legal Electoral Capacity for Tomorrow (ELECT)	
Atlas Award ID: 00043217	
Project ID: 00050324 (all donors and USAID grant II) and 00071801 (USAID grant 1)	
Period under audit: 1 January 2010 to 31 December 2010	
No	CONCEPTS
1	<p>General background:</p> <p>The ELECT Project was formulated by UNDP in 2006- based on recommendations made by both the Afghan Joint Electoral Management Board (JEMB) and the Post-Elections Strategy Group (PESG) calling on the international community to support the newly established Independent Electoral Commission (IEC) to plan and conduct future elections.</p> <p>ELECT's original focus was IEC's institutional capacity building; strengthening legal and institutional environment within which IEC would execute its responsibilities; and conducting a joint voter and civil registration pilot project.</p> <p>In 2010, UNDP, in close consultation with Afghan electoral authorities (Independent Election Commission and Electoral Complaints Commission) substantively revised the ELECT Project Document (3rd substantive revision). The substantive revision was catalysed by the Afghan government's request for international technical and logistical support to conduct the <i>Wolesi Jirga</i> election; and was pursuant to the UN Security Council Resolution 1917 of 22nd March 2010 which mandated the UN Assistance Mission to Afghanistan (UNAMA) and the Special Representative of the Secretary General (SRSG) to coordinate international electoral assistance to Afghanistan.</p> <p>Approved by the Project Board in May 2010, the revised ELECT Project Document (ProDoc) provides a strategic framework for achieving three overarching outputs:</p> <p>Output 1: Support to the IEC to conduct a limited voter registration top-up as required for the 2010 election; and capacity-building through the provision of technical and operational assistance for the 2010 election;</p> <p>Output 2: Capacity-building, through technical and operational support to the ECC, to manage their responsibilities in the conduct of the 2010 election;</p> <p>Output 3: Support to long-term electoral reform and capacity-building of the electoral management bodies.</p>
2	Project Duration (start & end date): October 2006- June 2011 (Bridging period 31 March -30 June 2011)
3	Activities and date of commencement of activities: Project started in October 2006
4	<p>Where are the activities and field offices located; Where do they keep their books and records:</p> <p>UNDP ELECT had throughout 2010 offices in 8 regional capitals (including Kabul). ELECT has three main offices in Kabul: 1) UNDP ELECT Compound; 2) UNDP Country Office; 3) IEC Compound. The Books and records are kept at the UNDP ELECT Compound and UNDP Country Office.</p>
5	Project status – brief summary of what has been accomplished by the project for the project covered by the audit period of 2010:

	<ul style="list-style-type: none"> • Revision of Project Document (third revision) • 2010 Parliamentary election were conducted • Continued support and capacity building of the IEC • National voter –top up registration • Support to the Electoral Complaints Commission (ECC) • Quarterly narrative and financial reports submitted to donors • Weekly, Monthly and Quarterly meetings (Donor meetings and Board meeting) have taken place throughout 2010. 																																																											
6	<p>Project Management Structure – i.e. who are the stake holders, who are the members of the Steering Committee or Project Board; provide an organization chart and the total number of staff handling the project, by location:</p> <p>Project Board: The parties to the Project Board are 1) UNDP, represented by the Resident Representative or Country Director; 2) IEC, represented by the IEC Chairman or Chief Electoral Officer; 3) ECC, represented by one of the Commissioners of the ECC; 4) donor representatives. Meets on a quarterly basis to approve the budget and any budget revisions. The Special Representative of the Secretary General (SRSG) was present at all the ELECT Board meetings in 2010.</p> <p>Donor Group meetings: Chaired by the IEC or ECC. Comprises of IEC, ECC, donors, UNDP and UNAMA</p> <p>Please see the enclosed organization chart.</p>																																																											
7	<p>A description of the project monitoring and evaluation system, such as quarterly/annual work plan, quarterly/annual work progress reports, evaluation reports, monitoring mission reports, etc.:</p> <p>Internal weekly reports to Country Office; Annual Work Plan; Quarterly narrative and financial reports; field visits. The third revision of the Project Document (May 2010) reflected the recommendations made by the 2009 mid-term evaluation of ELECT.</p>																																																											
8	<p>Total expenditure for 2010 – Total budget and expenditure broken down by activities (or meaningful categories) for the period under audit:</p> <table border="1"> <thead> <tr> <th rowspan="2">Activities</th> <th colspan="2">FY 2010 (amounts in thousands USD)</th> </tr> <tr> <th>Budget</th> <th>Expenditures</th> </tr> </thead> <tbody> <tr> <td>Activity 1.1</td> <td>28,533</td> <td>23,299</td> </tr> <tr> <td>Activity 1.2</td> <td>61,687</td> <td>52,185</td> </tr> <tr> <td>Activity 1.3</td> <td>542</td> <td>11</td> </tr> <tr> <td>Activity 1.4</td> <td>6,283</td> <td>2,698</td> </tr> <tr> <td>Activity 1.5</td> <td>4,042</td> <td>1,238</td> </tr> <tr> <td>Activity 1.6</td> <td>1,023</td> <td>64</td> </tr> <tr> <td>Activity 1.7</td> <td>531</td> <td>177</td> </tr> <tr> <td>Activity 1.8</td> <td>1,363</td> <td>1,003</td> </tr> <tr> <td>Activity 1.9</td> <td></td> <td></td> </tr> <tr> <td>Activity 1.10</td> <td>740</td> <td>522</td> </tr> <tr> <td>Activity 1.11</td> <td>21</td> <td></td> </tr> <tr> <td>Activity 2.1</td> <td>4,851</td> <td>3,895</td> </tr> <tr> <td>Activity 2.2</td> <td>6,599</td> <td>3,549</td> </tr> <tr> <td>Activity 2.3</td> <td>1,190</td> <td>537</td> </tr> <tr> <td>Activity 2.4</td> <td>159</td> <td>133</td> </tr> <tr> <td>Activity 2.5</td> <td>611</td> <td>643</td> </tr> <tr> <td>Activity 4.1</td> <td>3,650</td> <td>3,161</td> </tr> <tr> <td>Activity 4.2</td> <td>10,022</td> <td>9,896</td> </tr> </tbody> </table>	Activities	FY 2010 (amounts in thousands USD)		Budget	Expenditures	Activity 1.1	28,533	23,299	Activity 1.2	61,687	52,185	Activity 1.3	542	11	Activity 1.4	6,283	2,698	Activity 1.5	4,042	1,238	Activity 1.6	1,023	64	Activity 1.7	531	177	Activity 1.8	1,363	1,003	Activity 1.9			Activity 1.10	740	522	Activity 1.11	21		Activity 2.1	4,851	3,895	Activity 2.2	6,599	3,549	Activity 2.3	1,190	537	Activity 2.4	159	133	Activity 2.5	611	643	Activity 4.1	3,650	3,161	Activity 4.2	10,022	9,896
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	Activity 4.3	6,711	2,489
	Activity 4.4	660	(18)
	Activity 4.5	17,350	11,187
	GMS	11,784	8,774
	Subtotal (incl. UN Agency Payts & POs)	168,352	125,443
9	Project financial and accounting system – including description data on the following:		
9.1	Financial Management System used in 2010: ATLAS		
9.2	Accounting vouchers for 2010 – total volume and value (approximate) of accounting voucher: Number of vouchers = 4,560 with value = US\$ 115,547,156 (excluding other UN Agencies payments and Outstanding POs)		
9.3	Procurement for 2010 –total volume and value (approximate) of purchase orders issued for the period under audit: Number of POs = 121 with value = US\$ 20,896,178		
9.4	Total volume of inventory as of 31 December 2010 – inventory as at the year end date/the end of the period under audit: Total capital assets: 1,389 and Total cost: \$16,195,000		
9.5	Cash Balance as of 31 December 2010: Cash Balance as of 31 December 2010 is NIL.		

Project Title: **Afghanistan Sub-National Governance Program (ASGP)**

Atlas Award ID: 00043947

Project ID: 00051486

Period under audit: 1 January 2010 to 31 December 2010

No **CONCEPTS**

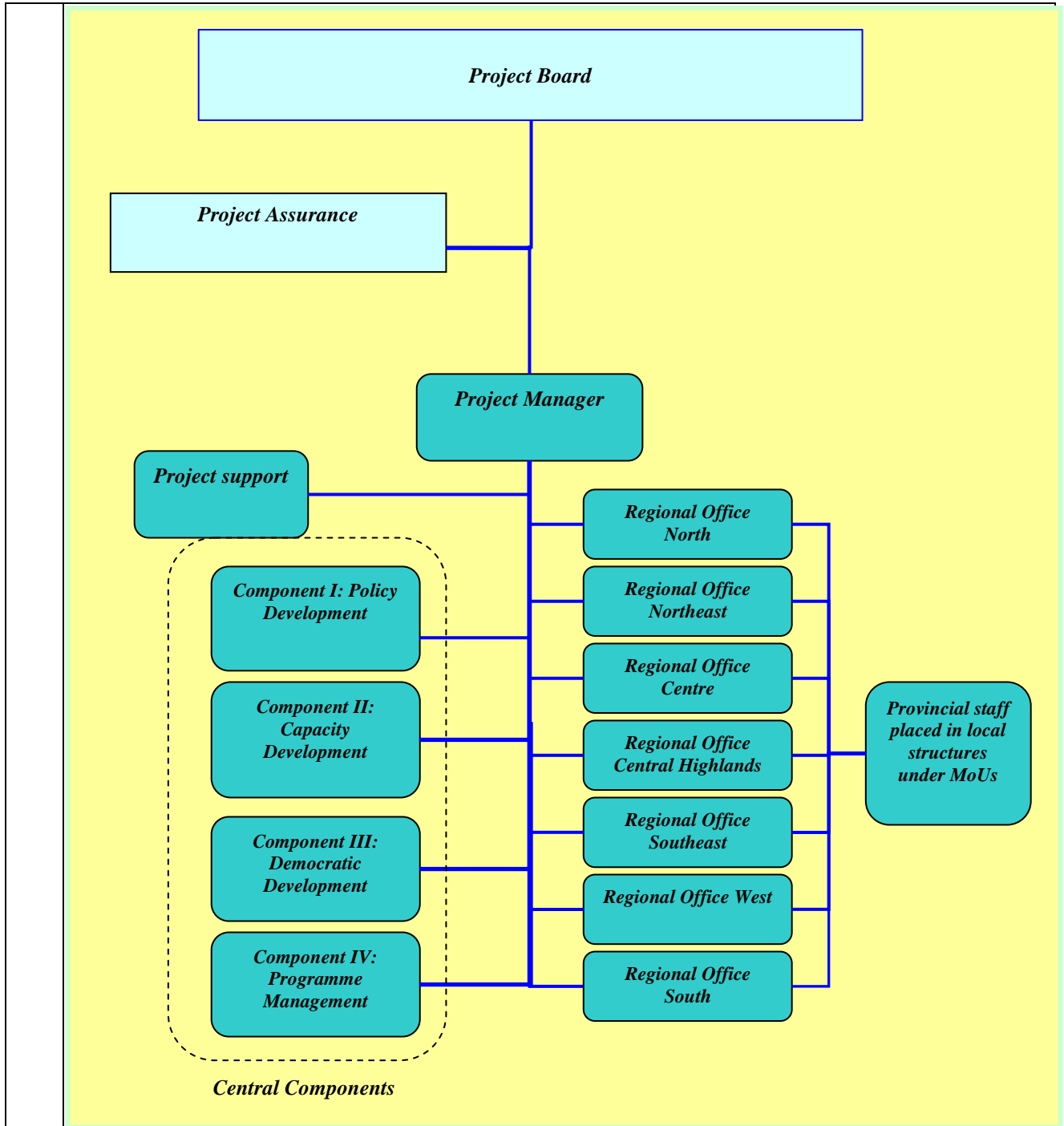
1 **General background:**

Capacity of sub-national governance and development institutions is the key to peace, stability and development in Afghanistan. The London and Kabul Conferences in 2010 confirmed this by identifying strengthening institutional capacities and arrangements for sub-national governance and development as priority issues. At the same time there are many challenges in developing capacities at the sub national level, since legislative mechanisms and associated bodies are non-existent or are in their early stages of development. Organizational structures, functions and capacities of sub-national governance and development institutions are weak and do not reach out sufficiently to the people who are in need of these services.

The first phase of the Afghanistan Sub-national Governance Programme (ASGP) commenced in 2006. The primary objective of ASGP I was to work with the Afghan Government to build institutional structures and capacities required for effective service delivery at sub-national level. It initiated the sub-national governance reform process at national level, as well as provincial, district and municipal levels. In 2010 ASGP made a transition to the second phase which will run to 2014. ASGP Phase I closed in December 2010. ASGP Phase II commenced in April 2010. Therefore, during 2010, there was an overlapping period when both phases I & II were under implementation. In the second phase

	<p>ASGP is significantly scaling up existing programme in policy development and implementation, capacity development and coordination.</p> <p>The key objective of ASGP is to strengthen the democratic state and government institutions to govern and ensure quality public service delivery at the sub-national level through advocacy, policy advice and capacity development.</p> <p>The programme is aligned with the goals and objectives of the Afghanistan National Development Strategy (ANDS). More specifically, it directly supports the “Good Governance and Rule of Law” pillar of ANDS, which requires that government machinery is restructured and rationalized to ensure a fiscally sustainable public administration; the Independent Administrative Reform and Civil Service Commission (IARCSC) is strengthened; and civil service functions are reformed to reflect core functions and responsibilities. In close partnerships with other UN agencies, the programme supports progress towards the realization of the overall United Nations Development Assistance Framework (UNDAF) Outcome 2, which focuses on creating an effective, more accountable and more representative public administration at the national and sub-national levels, with improved delivery of services in an equitable, efficient and effective manner.</p>
2	Project Duration (start and end dates): Last quarter of 2006 – 31 December 2010
3	<p>Activities and date of commencement of activities (if a new project):</p> <p>Activity 1 – Support to Policy for Sub-national Governance Activity 2 – Support to PAR and Training Activity 3 – Support to Provincial Councils Activity 4 – Government Management Development Activity 5 – Kandahar Public Services Activity 6 – Provincial Support in Uruzgan and Dai Kundi Activity 7 – project Management Support</p>
4	<p>Where are the activities and field offices located; Where do they keep their books and records:</p> <p>Location Offices: Kabul, Jalalabad, Mazar, Kandahar, Kunduz, Herat, Bamyan, Uruzgan, Helmand. While the offices located in the mentioned provinces, the activities took place in all provinces of the region. For example, the ASGP team in the west located in Herat whereas the team operated in Ghor, Farah and as well. Each field office kept copies for their own record. Original finance documents kept by CO.</p>
5	<p>Project status – brief summary of what has been accomplished by the project for the project covered by the audit period of 2010: The key results of ASGP in 2010 were:</p> <ul style="list-style-type: none"> • Approval of SNG policy; drafting of six new critical laws; and identification of gaps for amendment in existing laws. • PGO and partners have improved knowledge about sub-national governance policies and enhanced skills for the performance of their functions; including provinces begin to take lead in development within their boundaries: <ul style="list-style-type: none"> - PGO supported with national experts to coach and guide Tashkeel staff - PGO and line department staff oriented on SNG policy - PGOs and DGOs trained on the Provincial / District Operational Manual - PGOs, line departments and development partners trained and facilitated to discuss guidelines and approaches for preparation of the next Provincial Development Plans (PDP) - Three provinces planned and delivered training in management and administration using local expertise

	<ul style="list-style-type: none"> ● Provincial Strategic Plans and provincial profiles developed in Heart and Balkh and initiated in five more provinces, which will allow for longer term development planning at the provincial level <ul style="list-style-type: none"> - Several provinces, including Uruzgan and Helmand initiated provincial profiling ● Line ministries and agencies monitored and evaluated <ul style="list-style-type: none"> - Public Administration Reform (PAR) implementation and impact at the civil services institutions monitored and evaluated at 248 units / departments of Line ministries in 34 province throughout the country ● Provincial Councils conduct public outreach <ul style="list-style-type: none"> - All the newly elected Provincial Council members oriented on their roles and responsibilities - 6 provincial councils trained in public outreach and development planning and monitoring - Provincial Council outreach to districts piloted in six provinces - First Provincial Council newsletter published in North and Western Region ● Revenues increased in provincial municipalities <ul style="list-style-type: none"> - Revenue Improvement Action Planning Manual developed - Revenue Improvement Action Planning introduced in 26 additional municipalities and tax mapping implemented in 3 additional provincial municipalities - Guidelines developed for City Services Tax, Safayi tax and business permit - 13 municipalities achieved increase in revenues ranging from 2% to 247% ● Visible improvements in municipal service delivery <ul style="list-style-type: none"> - A four-part manual on Solid Waste Management (SWM) developed; Implementing procedures for disciplinary provisions of Cleaning and Greening Regulation and guide on the use of SWM tools developed - Guideline on Municipal-School Committee as outreach program developed and 64 committees (16 in girls' schools) established in 11 municipalities and the concept introduced to 4 additional municipalities; public awareness campaign organized by school children with the participation of 195 girls
6	<p>Project Management Structure – i.e. who are the stake holders, who are the members of the Steering Committee or Project Board; provide an organization chart and the total number of staff handling the project, by location:</p> <p>The Project Board sets the overall direction for ASGP, including needed course corrections. The membership of the Project Board is: UNDP, IDLG, Donors. The Project Board maintains Government of Afghanistan ownership over Programme activities and serves to ensure that Project inputs are directed towards attaining Programme objectives. However, as the direct implementer of ASGP, UNDP has legal, financial and quality control over all aspects of the project. The Project Manager is authorized by the Board to implement the Programme according to agreed annual and quarterly workplans.</p> <p>The key Programme partners include: Independent Directorate for Local Governance at center, Provincial Governors' Offices, Provincial Councils and Municipalities.</p>



Staff in each location: staff list will be sent separately

Kabul: Helmand: Uruzgan: Kunduz: Jalalabad: Herat: Kandahar: Bamyán: Mazar:

7 **A description of the project monitoring and evaluation system, such as quarterly/annual work plan, quarterly/annual work progress reports, evaluation reports, monitoring mission reports, etc:**

The project works based on the Annual Work Plans, an agreement of objectives with determination of budget is signed between the government partner and UNDP and the project follows implementation of the AWP and the board members monitor the progress through quarterly board meetings

ASGP produces a variety of materials as part of its commitment to be transparent and accountable about its activities. These include Quarterly Reports, Annual Report, Periodic financial audits,

	<p>External evaluation and Lessons Learned.</p> <p>Project reviews, monitoring visits also take place to inform management for informed decision making.</p> <p>Reporting instruments</p> <p><u>Weekly Report</u>: This report is required by ASGP for monitoring purposes. Individual staff will furnish the weekly report, briefly summarizing the previous week's Programme activities and specifying what activities will be undertaken in the coming week.</p> <p><u>Monthly Report</u>: This report is also required internally by ASGP for monitoring purposes. The monthly report will briefly note progress in template format, but will focus on gaps and issues that need to be addressed in order to speed implementation.</p> <p><u>Quarterly and Annual Reports</u>: The quarterly and annual reports are a UNDP requirement for reporting to the Project Board (including donors) and to Headquarters. These reports provide a comprehensive assessment of all aspects related to Programme implementation, monitoring, and future planning. Progress of the programmatic interventions with achievements and issues are described under the relevant outputs.</p>																											
8	<p>Total expenditure for 2010 – Total budget and expenditure broken down by activities (or meaningful categories) for the period under audit:</p> <table border="1"> <thead> <tr> <th>ACTIVITY</th> <th>Budget</th> <th>Expenditure</th> </tr> </thead> <tbody> <tr> <td>Activity 1</td> <td>916,978</td> <td>912,050</td> </tr> <tr> <td>Activity 2</td> <td>3,796,096</td> <td>3,768,988</td> </tr> <tr> <td>Activity 3</td> <td>977,294</td> <td>961,707</td> </tr> <tr> <td>Activity 4</td> <td>3,290,831</td> <td>3,321,391</td> </tr> <tr> <td>Activity 5</td> <td>1,792,160</td> <td>1,190,669</td> </tr> <tr> <td>Activity 6</td> <td>700,510</td> <td>700,508</td> </tr> <tr> <td>Activity 7</td> <td>1,821,442</td> <td>1,814,093</td> </tr> <tr> <td>TOTAL</td> <td>13,295,311</td> <td>12,669,407</td> </tr> </tbody> </table>	ACTIVITY	Budget	Expenditure	Activity 1	916,978	912,050	Activity 2	3,796,096	3,768,988	Activity 3	977,294	961,707	Activity 4	3,290,831	3,321,391	Activity 5	1,792,160	1,190,669	Activity 6	700,510	700,508	Activity 7	1,821,442	1,814,093	TOTAL	13,295,311	12,669,407
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9.1	Financial Management System used in 2010: ATLAS																											
9.2	<p>Accounting vouchers for 2010 – total volume and value (approximate) of accounting voucher:</p> <p>Number of vouchers 1304 with value US\$ 9,079,404</p>																											
9.3	<p>Procurement for 2010 – total volume and value (approximate) of purchase orders (POs) issued for the period under audit:</p> <p>Number of POs produced 93 with Value \$ 2,446,409</p>																											
9.4	<p>Total volume of inventory as of 31 December 2010– inventory as at the year end date/the end of the period under audit:</p> <p>Number of items 636 with value \$ 216,432</p>																											
9.5	<p>Cash Balance as of 31 December 2010</p> <p>Project didn't have separate bank account anywhere. Cash Balance as of 31 December 2010 is NIL.</p>																											

Attachment III - Terms of Reference (TOR) of Audit Services

1. AUDIT OBJECTIVES – Purpose of audit

The objectives of the engagement are as follows:

A. Primary Objective: Financial Audit to express an opinion on whether the financial statements present fairly, in all material aspects, the results of its operations:

- 1.1 Express an opinion on whether the Combined Delivery Report of the two projects for the period from 01 January 2010 to 31 December 2010, including disbursements and encumbrances, present fairly, in all material respects, expenditures incurred on the projects; and whether these expenditures were incurred:
 - (i) in conformity with the approved project budgets;
 - (ii) for the approved purposes of the project;
 - (iii) in compliance with the relevant regulations and rules, policies and procedures of UNDP;
 - (iv) in accordance with donor grant terms; and
 - (v) supported by properly approved vouchers and other supporting documents.

- 1.2 Express an opinion on whether the projects' statement of assets as at 31 December 2010 presents fairly, in all material respects, the balance of inventory of the projects.

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

B. Secondary Objective: Operational Audit to confirm compliance with UNDP regulations, rules, policies and procedures; and Donor Agreements:

- 1.3 Provide an overall rating based on assessment of the operational and internal control systems that are in place for each of the management of the two (2) DIM Projects so that related transactions are processed in accordance with UNDP policies and procedures and for the achievement of the projects objectives.

2. SCOPE OF AUDIT

2.1 The audit shall:

- (i) Cover all activities of the projects during the period from 01 January 2010 to 31 December 2010 (see the details above 1.1).
- (ii) Review all project reports and records located at the UNDP Afghanistan office in Kabul, and, as applicable, field offices of the project/programme at other provinces. This includes:
 - a) The Combined Delivery Report (CDR) of the two (2) projects for the period from 01 January 2010 to 31 December 2010.
 - b) The Statement of Assets of the two (2) projects as at 31 December 2010.

2.2 In order to achieve the audit objectives in paragraph 1.1 to 1.4 and the review of the operations mentioned in paragraph 2.1, the audit shall cover the following areas:

- (i) **Organization and Staffing:** Assess the organization structure of the projects in terms of its effectiveness and efficiency for the management of the projects, taking into account the

framework of authorities, workflows, staffing levels and necessary internal controls including the different levels of delegated authority for different operational functions and distribution of project management responsibilities to achieve project goals while ensuring appropriate segregation of duties in general so as to minimize risks.

- (ii) Programme and project management: Assess the management aspects in terms of project approvals *including incorporating Local Project Appraisal Committee recommendations into the project document, work plans, budget formulation, project resources, monitoring and evaluation of implementation towards achievement of project objectives including constitution and functioning of project Board, field visits, review meetings and the coordination and consultation mechanisms with the stakeholders, and periodic project progress reporting against planned objectives and work plans; In addition, the areas of coverage of such authorization; (ii) business unit capacity assessment for implementation of DIM projects; (iii) Exit strategy and national capacity building; (iv) identifying and recovering costs attributable to implementing the project.
- (iii) Human Resources: Assess timeliness of recruitment of competent personnel for clearly defined tasks and responsibilities through a competitive and transparent process and the continued management of project personnel including review of their performance, and the payment of salaries and allowances in accordance with UNDP HR policies. In respect of casual or other staff not subject to UNDP HR policies and who are temporarily loaned or seconded from the local authorities for engagement at the field level, control of their assignments and the appropriateness of the salary, allowances and benefits paid;
- (iv) Finance: Assess the adequacy of the accounting and reporting systems used for the management of project resources; and the adequacy of internal controls for compliance with UNDP policies with respect to the safe custody and adequate management of cash, commitment of expenditures against approved budget, disbursement or payments against liabilities and cash advances to field offices, project staff, etc.
- (v) Procurement: Assess whether goods (supplies, equipment) and services for the project are procured competitively and in a transparent manner in accordance with UNDP policies and procedures; and these are of a quality and quantity that are actually required for the projects. The review shall cover the integrity of the entire procurement process from the initial identification of needs, the formulation of specifications, solicitation of bids/tenders/proposals from vendors, evaluation of vendor offers in response to solicitations, the award of contracts, the appropriate assessment of goods or services delivered and the payment for received goods or services and monitoring performance of the contractors.
- (vi) Assets Management: Assess whether project assets are adequately recorded, safeguarded, monitored, including periodic physical verification of their use and existence, and controlled to ensure that the assets are adequately used and only for project purposes. Assets are defined as all items with an acquisition value exceeding \$1,000 (such as vehicles and office equipment), or, for attractive items, exceeding \$400¹, the costs of which are charged to the project expenditure or which are received in kind as donations from third parties.
- (vii) Cash Management: Review the safeguarding of all cash held separately for the purposes of the project either in the UNDP country office or at the project field offices, including cash held as advances or imprest in any sub-office or field office.

¹ Refer to UNDP policies and procedures for more clarification and details

- (viii) Information Systems: Assess the efficiency and security of the information systems established and maintained from project funds and their adequacy to meet the management and reporting requirements of the projects.
- (ix) General Administration: These include areas of operations not specifically covered above and for which expenditures are charged to the project covering such areas as: travel of project staff, use and maintenance of project vehicles, shipping services, lease and maintenance of office premises and facilities, communications, and records maintenance.
- (x) Follow up on previous audits: Assess the status of implementation of the previous audits' recommendations done within the last three years.

3. AUDIT PLANNING AND FIELDWORK

- 3.1 The auditors will conduct the audit on behalf of UNDP Office of Audit and Investigations (OAI) and will be under the general supervision of the Chief of OAI's Regional Audit Centre for Asia and the Pacific (RAC-AP). Any major changes in the terms of reference shall be cleared with the Chief, who will notify OAI Director/Deputy Director, as deemed necessary.
- 3.2 The timelines for fieldwork and reporting shall be agreed with the Chief of the RAC-AP.
- 3.3 Any audit-related issue during fieldwork shall be reported to and resolved with the Chief of the RAC-AP.

4. REPORTING

- 4.1 As a result of the audit work performed, the audit reports and certifications for each of the DIM projects that have been audited shall include:
 - (i) A certification of and audit opinion on the Combined Delivery Report (CDR) of each of the UNDP DIM projects for the period from 01 January 2010 to 31 December 2010 that are listed in Attachment II and referred to in 1.1;
 - (ii) A certification of and audit opinion on the Statement of Assets as at 31 December 2010, held each of the directly implemented project in accordance with paragraph 1.2.

The above certifications shall be substantially in the form required by UNDP, outlined in Appendix C to this Attachment. The certifications shall be attached to the related financial statements of each of the directly implemented UNDP projects which should include, as applicable, relevant notes to the statements being certified.

- 4.2 A management letter that identifies, as a result of the financial audit, observations regarding areas of improvements in the overall operational and control systems of the two (2) DIM projects. It should cover all the areas specified in the objectives and scope mentioned in paragraphs 1 and 2 above. Where an area of audit specified in paragraph 2.2 is either not included in the work undertaken or not covered in the management letter, the reasons for not doing so must be clearly provided in an appropriate section.

The management letter shall contain:

- (i) An Executive Summary that captures the important issues raised in the management letter.

- (ii) Detailed assessment of each audit area that captures the audit issues and recommendations as follows:
- Issue Title: A summarized version of the “audit condition” should be stated in a phrase, not a complete sentence.
 - Observation: This should present a brief background statement, then describe the criteria (The criteria could be any of the following: regulations, rules, policies, procedures, generally accepted standards, stated programme objectives, Office-defined expectations, best practices, or basically what measures the audit team used in making an evaluation and/or verification); the condition (= what is, or the situation that exists); the cause or the reason for the difference between the expected and actual conditions; and lastly describe the consequence or effect or impact/risk should the issue(s) remain unresolved.
 - Cause: Identify the root causes of the current condition, and classify them in accordance with the definition of causes in Appendix A to this Attachment;
 - Risk: Identify and classify the risks in accordance with the definition of risks in Appendix A to this Attachment;
 - Priority: State the priority of recommendation as High or Medium, in accordance with the definition of priority in Appendix A to this Attachment;
 - Recommendation: Spell out the next steps or actions in order to resolve the issue. The recommendation should address the root causes identified as causing the current condition
 - Management comments: Incorporate management’s response to the audit findings and recommendations
 - Responsible manager: the management should identify a staff member responsible for the implementation of the audit recommendations
 - Expected completion date: the management should indicate when the audit recommendation will be completed.
 - Auditors’ response: If management agrees with the recommendation, then there is no need for an Auditors response. When management does not agree with the recommendation and the auditor decides to retain the recommendation, a response should be stated here, elaborating on the reason why the recommendation is considered valid.
- (iii) Provide an overall rating for each of the ten areas specified in paragraph 2.2 scope of audit for each DIM project. Each audit area should be rated in accordance with the definition of standard audit ratings contained in Appendix B to this Attachment.
- (iv) Provide an overall rating based on assessment of the operational and internal control systems that are in place for each of the management of the two (2) DIM Projects so that related transactions are processed in accordance with UNDP policies and procedures and for the achievement of the projects objectives.

- 4.3 The draft audit report and certifications shall be prepared in a format agreed with OAI and submitted simultaneously to the UNDP Office in Afghanistan for comments and to OAI, RAC-AP for review within 20 working days after the completion of the audit fieldwork.
- 4.4 The selected firm shall ensure that the comments of the management of the UNDP Office in Afghanistan on the audit observations and recommendations are obtained in writing prior to their inclusion in the final audit report and certifications.
- 4.5 The final audit report shall focus on matters considered significant for the UNDP CO in Afghanistan and/or UNDP as a whole.
- 4.6 The English language shall be used for all related reports and correspondence.
- 4.7 In addition to the general supervision provided by the Chief, RAC-AP, OAI reserves the right to review the supporting audit working papers as part of the review of the draft audit report. The review may be done on-site or through remote access to the electronic working papers. Alternatively, the auditors may be required to submit working papers to the RAC-AP for desk review. In addition, OAI may at its discretion seek feedback from concerned units on the quality of the audit services rendered by the selected firm.

5. AUDITORS' PROFESSIONAL QUALIFICATIONS

The Principal of the audit firm should have at least 10 years of audit experience. The audit of the each project shall be led by Professionally Qualified Accountants such as Chartered Accountant (CA), Chartered Certified Accountant (CCA) or Certified Public Accountant (CPA).

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.

6. FACILITIES PROVIDED BY UNDP

Office space including internet access and telephone facilities for official use and activities related to the assignment.

7. FACILITIES PROVIDED BY THE CONTRACTOR

All other facilities will be provided by the Contractor including transportation to and from the project site, stationary etc.

8. EXPECTED PROGRAMME AND DURATION OF THE ASSIGNMENT

Expected duration of the assignment is eight (8) weeks to commence in 25 June 2011.

Appendix A to Attachment III

Priorities of Audit Recommendations, Causes and Categories of Risk

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

The following categories of priorities are used:

- High** Prompt action is required to ensure that UNDP is not exposed to high risks. Failure to take action could result in major negative consequences for UNDP and may affect the organization at the global level.
- Medium** Action is required to ensure UNDP is not exposed to significant risks. Failure to take action could result in negative consequences for UNDP.
- Low** Action is desirable and should result in enhanced control or better value for money. Low priority recommendations, if any, are dealt with by the audit team directly with the Office management, either during the exit meeting or through a separate memo subsequent to the fieldwork. Therefore, low priority recommendations are not included in this Report.

The following categories of causes are used (most are self-explanatory, hence no definition is necessary):

- Lack of or inadequate corporate policies or procedures
- Lack of or inadequate country office policies or procedures
- Lack of or inadequate guidance or supervision at country office level
- Inadequate oversight by Headquarters bureaux
- Lack of or insufficient resources (specify: financial, human, or technical resources)
- Inadequate planning
- Inadequate training
- Human error
- Intentional overriding of internal controls
- Inadequate management structure

The audit issues, if not resolved, constitute a risk. The following categories are used to classify the risks:

- **Environmental** This pertains to natural disasters, pollution incidents and social and cultural, security and safety, and economic risks.

- **Financial** This pertains to external economic factors (such as interest rates, exchange rate fluctuation, inflation) and internal economic factors (such as co-financing difficulties, use of financing mechanisms, funding, reserve adequacy, currency, receivables, accounting/financial reporting, budget allocation and management, cash management/reconciliation, pricing/cost recovery).
- **Organizational** This pertains to institutional arrangements; institutional/execution capacity; implementation arrangements; country office capacity; governance; culture, code of conduct and ethics; accountability and compensation; succession planning and talent management; human resources processes and procedures.
- **Operational** This pertains to process efficiency, operations-related human error/incompetence, internal controls, internal and external fraud, compliance and legal, procurement, technology, physical assets, infrastructure failure, and safety being compromised.
- **Programmatic** This pertains to risks relating to complex project design (size, larger/multi-country projects, technical complexity, innovativeness, multiple-funding sources), project management, programme/project-related human error/incompetence, poor monitoring and evaluation, delivery, and programme management.
- **Political** This pertains to corruption, government commitment, political will, political instability, change in government, armed conflict and instability, adverse public opinion/media intervention.
- **Regulatory** This pertains to new unexpected regulations and policies; critical policies or legislation fails to pass or progress in the legislative process.
- **Strategic** This pertains to partnerships failing to deliver; strategic vision, planning and communication; leadership and management; programme alignment; competition; stakeholder relations; UNDP reputation; UN coordination; UN reform.

Appendix B to Attachment III

Definition of Standard Audit Ratings

Definition of Performance:

Within the operational audit context, performance refers to the economy, efficiency, and effectiveness of operations under management's control. Operational audits assess the extent to which resources are acquired and utilized with due regard to economy and efficiency and whether management has put in place mechanisms to accurately monitor and assess whether programs are meeting planned objectives. Operational audits do not report on the achievement of results.

Performance also refers to the manner in which activities are conducted – i.e. whether they are conducted in accordance with UNDP values. UNDP values encompass the notions of prudence and probity, as well as the necessity of taking acceptable risks.

Standard Rating

Definition

Satisfactory

Internal controls, governance and risk management processes were adequately established and functioning well. No issues were identified that would significantly affect the achievement of the objectives of the audited entity.

Partially Satisfactory

Internal controls, governance and risk management processes were generally established and functioning, but needed improvement. One or several issues were identified that may negatively affect the achievement of the objectives of the audited entity.

Unsatisfactory

Internal controls, governance and risk management processes were either not established or not functioning well. The issues were such that the achievement of the overall objectives of the audited entity could be seriously compromised.

Appendix C to Attachment III

Format for Financial Certifications

I. Sample Certification for Statement of Expenditure

We have audited the accompanying statement of expenditure (“the statement”) of the UNDP project [insert project number], [insert official title of project] for the period from dd/mm/yyyy to dd/mm/yyyy. The statement is the responsibility of the management of <name/title> 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 that our audit provides a reasonable basis for our opinion.

Option 1: (Unqualified)

In our opinion, the attached statement of expenditure presents fairly, in all material respects, the expenditure of [insert amount in US\$] incurred by the project [insert official title of project] for the period from dd/mm/yyyy to dd/mm/yyyy in accordance with the accounting policies set out in the note to the statement. The expenditures incurred were: (i) in conformity with the approved project budgets; (ii) for the approved purposes of the project; (iii) in compliance with the relevant regulations and rules, policies and procedures of UNDP; and (iv) supported by properly approved vouchers and other supporting documents.

Option 2: (Qualified - a negative audit opinion)

In our opinion, the attached statement of expenditure, except for the reasons indicated above in paragraphs (1), (2), (3), etc., presents fairly in all material respects the expenditure of [insert amount in US\$] incurred by the project for the period from dd/mm/yyyy to dd/mm/yyyy in accordance with the accounting policies set out in the note to the statement.

Option 3: (Disclaimer - a negative audit opinion)

We were unable to obtain (explanation and reasons for disclaimer stated here) and accordingly are unable to express an opinion on the statement of expenditure of [insert amount in US\$] incurred by the project and audited by us for the period from dd/mm/yyyy to dd/mm/yyyy.

Option 4: (Adverse - a negative audit opinion)

We noted (explanations for adverse opinion to be clearly stated). As such, we do not express an opinion on the statement of expenditure, of [insert amount in US\$] incurred by the project and audited by us for the period from dd/mm/yyyy to dd/mm/yyyy.

II. Sample Certification for Statement of Assets

We have audited the accompanying schedule of assets (“the schedule”) of the UNDP project number [insert project number], [insert official title of project] as at dd/mm/yyyy. This schedule 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 schedule is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the schedule. We believe that our audit provides a reasonable basis for our opinion.

Option 1: (Qualified)

In our opinion, the attached statement of inventory presents fairly, in all material respects, the balance of inventory of the UNDP project number *[insert project number]*, amounting to *[insert amount in US\$]* as at dd/mm/yyyy in accordance with the accounting policies set out in the note to the schedule.

Option 2: (Qualified - a negative audit opinion)

In our opinion, the attached statement of inventory, except for the reasons indicated above in paragraphs (1), (2), (3), etc., presents fairly in all material respects the balance of inventory of *[insert amount in US\$]* incurred by the project for the period as at dd/mm/yyyy in accordance with the accounting policies set out in the note to the schedule.

Option 3: (Disclaimer - a negative audit opinion)

We were unable to obtain (explanation and reasons for disclaimer stated here) and accordingly are unable to express an opinion on the statement of inventory of *[insert amount in US\$]* incurred by the project and audited by us as at dd/mm/yyyy.

Option 4: (Adverse - a negative audit opinion)

We noted (explanation and reasons for adverse opinion stated here). As such, we do not express an opinion on the statement of inventory, of *[insert amount in US\$]* incurred by the project and audited by us as at dd/mm/yyyy.

Auditor's Signature

Date

Address

**Attachment IV - 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 fulfil 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, *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

- a) 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.
- b) 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.
- c) 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.
- d) 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.
- e) 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 or UNFPA shall rest with UNDP or UNFPA and any such equipment shall be returned to UNDP or UNFPA at the conclusion of this Contract or when no longer needed by the Contractor. Such equipment, when returned to UNDP or UNFPA, 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 or UNFPA 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 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, UNFPA or the United Nations, or any abbreviation of the name of UNDP, UNFPA or the United Nations in connection with its business or otherwise.

13. CONFIDENTIAL NATURE OF DOCUMENTS AND INFORMATION

- a) 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.
- b) 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

- a) 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.
- b) 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.
- c) 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

- a) Either party may terminate this Contract for cause, in whole or in part, upon thirty (30) days' notice, in writing, to the other party. The initiation of arbitral proceedings in accordance with Article 16 "Settlement of Disputes" below shall not be deemed a termination of this Contract.

- b) 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.
- c) 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.
- d) 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

- a) **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.
- b) **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 (90) 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 arbitration 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.

17. PRIVILEGES AND IMMUNITIES

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

18. TAX EXEMPTION

- a) 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.
- b) 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.

19. CHILD LABOUR

- a) 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.
- b) Any breach of this representation and warranty shall entitled UNDP to terminate this Contract immediately upon notice to the Contractor, at no cost to UNDP.

20. MINES

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

21. OBSERVANCE OF THE LAW

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

22. 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. [Please insert company letter-head]

Attachment V - PROPOSAL SUBMISSION FORM

Dear Sir / Madam,

Having examined your Request for Proposal dated 25 April 2011, we, the undersigned, offer to provide audit services to UNDP Country Office in Afghanistan for the audit of the two (2) Directly Implemented (DIM) projects for the sum 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 authorized to sign proposal for and on behalf of

Signature & Stamp of entity

Dated this day/ month / year

Name of representative:

Address:

Telephone/ Fax:

Attachment VI - Acknowledgement Letter

PLEASE TYPE OR PRINT ELIGIBLY & RETURN BY 02 MAY 2011 VIA FAX NO.: (+873) 763 468 836

Date:

Dear Mr./ Ms.,

Subject: Request for a Proposal of Audit Services for the 2010 Audit of two (2) DIM Projects

We the undersigned, acknowledge receipt of your Request for a Proposal dated 25 April 2011 for the audit of the above-mentioned projects and hereby confirm that:

- a) we intend we do not intend

to submit a proposal to the United Nations Development Programme by the deadline of 10 May 2011.

Names of our representative(s) designated for this engagement		1.; and			
		2.			
Firm/Company's name (Proposer):					
Address:					
City:		State:		Zip:	
Signature of Authorized Representative:					
Name:				Title:	
Telephone No.:		Ext.:		Fax No.:	
Email address:					

Attachment VII - Price Schedule

The Contractor is required to submit the Price Schedule in a separate envelope from the rest of the RFP response, as indicated in Section D paragraph 14 (b) of the Instruction to Offerors.

All prices/rates quoted must be exclusive of all taxes. The UNDP is exempt from taxes as detailed in Section II, Clause 18.

The Price Schedule must provide a detailed cost breakdown, including separate figures for each functional grouping or category.

Estimates for cost-reimbursable items, if any, such as travel, and out of pocket expenses should be listed separately.

The format shown on the following pages is a SAMPLE that could be used in preparing the price schedule. The format includes specific expenditures, which may or may not be required or applicable but are indicated to serve as examples.

Price Schedule: Request for Proposals for Audit Services				
PART – A : FEE				
S. No.	Team Member's Name	Man Days	Rate per Days	Total USD
1.				
2.				
3.				
Sub Total :				
PART – B : Out of Pocket Expenses				
S. No.	Particulars of reimbursable expenses			Amount in USD
1.				
2.				
3.				
Sub Total :				
GRAND TOTAL/Proposal cost (USD):				

Attachment VIII - Model Contract Form for Professional Services Contract

Dear Sir/Madam,

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

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

1. Contract Documents

- 1.1 This Contract is subject to the UNDP General Conditions for Professional Services attached hereto as Annex I. The provisions of such Annex shall control the interpretation of this Contract and in no way shall be deemed to have been derogated by the contents of this letter and any other Annexes, unless otherwise expressly stated under section 4 of this letter, entitled "Special Conditions".
- 1.2 The Contractor and UNDP also agree to be bound by the provisions contained in the following documents, which shall take precedence over one another in case of conflict in the following order:
 - a) this letter;
 - b) the Terms of Reference [ref.dated.....], attached hereto as Annex II;
 - c) the Contractor's technical proposal [ref....., dated], as clarified by the agreed minutes of the negotiation meeting²[dated.....], both documents not attached hereto but known to and in the possession of both parties.
- 1.3 All the above shall form the Contract between the Contractor and UNDP, superseding the contents of any other negotiations and/or agreements, whether oral or in writing, pertaining to the subject of this Contract.

2. Obligations of the Contractor

- 2.1 The Contractor shall perform and complete the Services described in Annex II with due diligence and efficiency and in accordance with the Contract.
- 2.2 The Contractor shall provide the services of the following key personnel:

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

² If there are updates to the technical proposal or correspondence exchanged in clarification of certain aspects, reference them too, provided that they are fully acceptable to UNDP. Otherwise, aspects which resolution is pending should be dealt with in this letter itself or in the Terms of Reference, as appropriate.

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

2.4 The Contractor shall also provide all technical and administrative support needed in order to ensure the timely and satisfactory performance of the Services.

2.5 The Contractor shall submit to UNDP the deliverables specified hereunder according to the following schedule:

[LIST DELIVERABLES]	[INDICATE DELIVERY DATES]
----------------------------	----------------------------------

e.g.

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

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

2.7 The Contractor represents and warrants the accuracy of any information or data provided to UNDP for the purpose of entering into this Contract, as well as the quality of the deliverables and reports foreseen under this Contract in accordance with the highest industry and professional standards.

3. Price and Payment³

3.1 In full consideration for the complete and satisfactory performance of the Services under this Contract, UNDP shall pay the Contractor a fixed contract price of _____ **[INSERT CURRENCY & AMOUNT IN FIGURES AND WORDS]**.

3.2 The price of this Contract is not subject to any adjustment or revision because of price or currency fluctuations or the actual costs incurred by the Contractor in the performance of the Contract.

3.3 Payments effected by UNDP to the Contractor shall be deemed neither to relieve the Contractor of its obligations under this Contract nor as acceptance by UNDP of the Contractor's performance of the Services.

3.4 UNDP shall effect payments to the Contractor after acceptance by UNDP of the invoices submitted by the Contractor to the address specified in 9.1 below, upon achievement of the corresponding milestones and for the following amounts:

<u>MILESTONE</u> ⁴	<u>AMOUNT</u>	<u>TARGET DATE</u>
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³ This version of section 3 is to be used for fixed price contracts. Fixed price contracts should normally be used when it is possible to estimate with reasonable accuracy the costs of the activities which are the subject of the Contract.

⁴ If an advance payment is granted, define the first milestone as "upon signature of the contract by both parties". Please note that advance payments should be granted only in exceptional cases, and that they must comply with UNDP policies and procedures.

4.3 Anti-terrorism

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

4.4 The advance payment to be made upon signature of the contract by both parties is contingent upon receipt and acceptance by UNDP of a bank guarantee for the full amount of the advance payment issued by a Bank and in a form acceptable to UNDP.⁶

5. Submission of invoices

5.1 An original invoice shall be submitted by mail by the Contractor for each payment under the Contract to the following address:

.....
.....

5.2 Invoices submitted by fax shall not be accepted by UNDP.

6. Time and manner of payment

6.1 Invoices shall be paid within thirty (30) days of the date of their acceptance by UNDP. UNDP shall make every effort to accept an invoice or so advise the Contractor of its non-acceptance within a reasonable time from receipt.

6.2 All payments shall be made by UNDP to the following Bank account of the Contractor:

_____ [NAME OF THE BANK]

_____ [ACCOUNT NUMBER]

_____ [ADDRESS OF THE BANK]

7. Entry into force. Time limits.

7.1 The Contract shall enter into force upon its signature by both parties.

7.2 The Contractor shall commence the performance of the Services not later than _____ [INSERT DATE] and shall complete the Services within _____ [INSERT NUMBER OF DAYS OR MONTHS] of such commencement.

7.3 All time limits contained in this Contract shall be deemed to be of the essence in respect of the performance of the Services.

⁶ This clause must be used when an advance payment of \$50,000 or more is granted to the Consultant and may be used for payments under \$50,000 when appropriate. Please note that advance payments should be exceptional, whatever their amount and must comply with UNDP Financial Regulations and Rules.

8. Modifications

8.1 Any modification to this Contract shall require an amendment in writing between both parties duly signed by the authorized representative of the Contractor and _____ [NAME AND TITLE] UNDP.

9. Notifications

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

For the UNDP:

_____ [INSERT CONTRACT REFERENCE & NUMBER]

Telex:	Fax:	Cable:
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For the Contractor:

[INSERT NAME, ADDRESS AND TELEX, FAX AND CABLE NUMBERS]

Name:
Address:

Telex:	
Fax:	
Cable:	

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

Yours sincerely,

[INSERT NAME AND TITLE]

For [INSERT NAME OF THE COMPANY/ORGANIZATION]

Agreed and Accepted:

Signature _____
Name: _____
Title: _____
Date: _____