



RFP-2016-001
REQUEST FOR PROPOSAL
FOR INDEPENDENT FINANCIAL AUDIT

AUDITEE	Pact Institute d/b/a Pact Cambodia
PROJECT NAME	Promoting Citizen Engagement in Democratic Development (PROCEED) II
DONOR	Swedish International Development Cooperation Agency (Sida)
TYPE OF AWARD	Cooperative Agreement
AWARD NUMBER	Sida Contribution No. 51100086
PERIOD OF PERFORMANCE	1 February 2016 to 31 October 2018
1 st PERIOD TO BE AUDITED	1 February 2016 to 31 December 2016
ESTIMATED EXPENDITURE TO BE AUDITED	USD 608,016 (inclusive subaward expenses of USD 189,439)

Background

Pact is a promise of a better tomorrow for all those who are poor and marginalized. Working in partnership to develop local solutions that enable people to own their own future, Pact helps people and communities build their own capacity to generate income, improve access to quality health services, and gain lasting benefit from the sustainable use of the natural resources around them. At work in more than 30 countries, Pact is building local promise with an integrated, adaptive approach that is shaping the future of international development.

Working in Cambodia since 1991, Pact has built Cambodian civil society and strengthened the capacity of institutions run by and for Cambodians to end poverty and injustice. Our current and recent work includes improving local governance, fighting against corruption, building savings-led microfinance, providing health education, supporting community forestry and REDD+, and providing organizational development assessments and support to Cambodian organizations.

Pact implements a three-year project called Promoting Citizen Engagement in Democratic Development (PROCEED) II funded by the Swedish International Development Cooperation Agency (Sida) anticipated to be from February 1, 2016 to October 31, 2018. To achieve the overall goal of “citizens exercise increased power to affect governance at the sub-national level,” PROCEED works toward three objectives:

1. Increased communication among citizens that reflects well-informed, self-interested opinions on district governance issues;
2. More district council actions are directly influenced by diverse citizen participation; and
3. Government policies around sub-national democratic development are more influenced by civil society.

To achieve these objectives, Pact partners with local NGOs in Phnom Penh, Battambang, Pursat, Kampong Cham, and Monduliri.

Pact’s financial statements are prepared under U.S. Generally Accepted Accounting Principles, utilizing the accrual basis of accounting, whereby, revenue is recognized when earned and expenses are recognized when incurred. The majority of project expenses are incurred in Cambodia; however, both direct and indirect costs are also recorded from Pact’s corporate office in Washington, DC.

In order to fulfill funder requirements, Pact seeks an appropriate proposal for rendering an independent financial audit on the expenditures of Pact Cambodia and six (6) of its local NGO partners' accounts of the above project under the specified terms of reference.

Terms of Reference

Description of Requested Services:

- Certify project financial accounting accuracy and appropriateness utilizing applicable audit standards and guidelines.
- Certify audited *Statement of Project Expenses, Statement of Fixed Assets* and *Statement of Cash Position*.
- Certify *Receipt and Payment* account for operational funds used by Pact Cambodia in implementing of the project.

Requirement of Services:

- I. Auditor will conduct audit in conformance with International Standards on Auditing (ISA). These standards require that the auditor comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.
- II. Evaluate and obtain a sufficient understanding of the internal control structure of Pact Cambodia's financial operations and its accounting of the funded activity for this project, assess control risks, and identify reportable conditions, including material internal control weaknesses.
- III. Perform tests to determine whether Pact Cambodia complied, in all material respects, with donor terms and conditions and applicable laws and regulations. Any material instances of non-compliance and all indications of illegal acts should be identified.
- IV. Determine if expenditures were allowable as per the award document and in accordance with the approved budget.
- V. Express an opinion on whether the project financial statements present fairly, in all material respects, the funds received and costs incurred for the period under audit in conformity with generally accepted accounting principles.
- VI. The audit shall be carried out with the note 2 of financial statement and with international standards issued by International Organization of Supreme Audit Institutions (INTOSAI) or International Federation of Accountant (IFAC). The auditor's report shall express an opinion whether the submitted annual financial report is accordance with Pact accounting records and Sida's instructions for reporting according to ISA 800/805 (or an equivalent national standard) The auditor shall also express an opinion on other questions if requested in the terms reference.

Fieldwork and Audit Report Submission Dates for the First Audit:

Description	Due by
Field works at Pact Cambodia office and/or at NGO office	2 nd week of January 2017
Draft audit reports and management letters delivered to Pact	2 nd week of February 2017
Finalize the draft of annual audit reports	2 nd week of March 2017

Deliverables –Audit Report addressing findings for Pact & each of Pact's partners to include the following sections:

I. Transmittal Letter and Summary

A. Background

- B. Audit Objectives and Scope
- C. Summary of Audit Results (Financial, Internal Control, and Compliance)
- D. Management Letter & Responses from Pact and the six local NGOs

II. Financial Section

- A. Independent Auditor's Report
- B. Project Financial Statements (Statement of Activities and Expenditures) for Pact-PROCEED Project and individual local NGO (report as an annex to the Pact-PROCEED Project financial Statements).
- C. Notes to Financial Statements
- D. Findings

III. Internal Control Structure

- A. Independent Auditor's Report on Internal Control (IC)
- B. Findings

IV. Compliance with Donor Agreement and Regulations

- A. Independent Auditor's Report
- B. Findings with assigned appropriate risk ranking level (low, medium, or high risk)
- C. Actions taken to address previous year's findings and recommendations, as applicable

The financial audit of local NGO partners will be mostly done at Pact Cambodia office, with some travel to their physical office locations since all original financial supporting documents are currently stored at Pact Cambodia office. Below are the physical office locations of local NGOs partners:

No.	Name of Local NGO	Address	Estimated Annual Budget (USD)
			Year 1
1	AMARA	Battambang	37,914
2	VSG	Battambang	30,312
3	AK	Pursat	36,977
4	PSOD	Kompong Cham	30,006
5	MVi	Mondul Kiri	27,593
6	CCC for WGPL	Phnom Penh	26,637
Total			189,439

You are cordially invited to submit the proposal and price quotation for your services to the undersigned. The selected auditor will also be involved in the future and required audits during the life of PROCEED II project. Please also note if there would be any additional out-of-pocket costs aside from the quoted fee. We are looking forward your early response.

Proposal Submission

Proposals should be structured as follows:

Narrative (10 pages total):

1. **Technical Approach** (should not be longer than 5 pages). The technical approach must include a clear description of how the Offeror will meet the requirements described in the Term of Reference (TOR) above.

2. **Institutional Capacity** (should not be longer than 3 pages). Offerors must offer evidence of their technical resources and expertise in addressing the TOR. Information in this section should include (but is not limited to) a brief description of organizational history/expertise and pertinent work experience and representative accomplishments in developing and implementing programs of the type required in this RFP.
3. **Key Personnel** (should not be longer than 1 page). The Offeror must provide short summaries of the qualifications of key personnel who will manage and be responsible for this project. Curriculum Vitae (CV) may be presented in an Annex to the proposal and does not count against the page limit.
4. **Past Performance** (should not be longer than 1 page). Offerors must include three different references for relevant audit engagements provided by your organization in the last three years involving programs similar to the terms of reference in this RFP. Include the following for each reference listed:
 - Name of awarding organization or agency
 - Address of awarding organization or agency
 - Place of performance of services or program
 - Amount of award
 - Term of award (start and end dates of services/program)
 - Name, current telephone number, current fax number and e-mail address (if one is available) of a responsible technical representative of that organization or agency

Budget:

The Offeror must submit a budget details (no page limit) and budget narrative (no more than two pages) in order for Pact to perform a cost realism analysis. The budget should be considered a financial expression of the Offeror's understanding of the performance requirements and the Offeror's ability to carry out the TOR.

The final selection will be competitive based on the selection criteria below. The proposed budget should clearly identify the individual (unit) costs involved to perform the activities identified in the technical approach and the budget narrative should provide evidence that the proposed budget is both reasonable and will achieve the objectives. The budget narrative is required for costs that cannot be clearly shown in the budget and require further justification or explanation.

Submission Requirements

Contractors shall submit their proposals in accordance to the following conditions:

- A. Proposal must be in English.
- B. The narrative should not be longer than 10 pages total
- C. The deadline for proposal submission is **Monday, 21 November 2016** at 05:00pm Cambodia time. Pact reserves the right to reject or consider proposals submitted later than this deadline.
- D. The signed hardcopy of original proposal must be hand delivered in a sealed envelope to Pact's Receptionist at address:

Reference: RFP-2016-001

Phnom Penh Center, Building A, 3rd Floor
Room 311, Phnom Penh, Cambodia

Note: Bids sent by Fax or Email will not be accepted.

- E. Pact Cambodia office hours are 8am to 5pm.

Questions may be sent by email: kkheng@pactworld.org (not by phone) no later than **1 November 2016** at 12:00 pm. Answers to questions and clarifications will be posted on Pact website on 4 November 2016 at 05:00pm.

By submitting the bid, Pact understands that Contractors have read, understood and agreed to comply with terms and conditions of this RFP.

Evaluation Criteria

Bids will be evaluated in accordance with the following criteria and weighting:

- Responsiveness to RFP (Criteria above)– 30%
- Relevant qualifications and past performance in conducting similar evaluations– 50%
- Cost – 20%

Bid Process Timeline

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| 1. RFP releases | 28 October 2016 |
| 2. Clarification meeting session on RFP at Pact Office | 4 November 2016 (3:00-5:00pm) |
| 3. Answers to questions posted on Pact website | 8 November 2016 |
| 4. Proposals due | 21 November 2016 |
| 5. Contractor selection/notification | 30 November 2016 |
| 6. Contract awarded | 1 December 2016 |

Conditions

Pre-Award

1. Pact will not be liable for any costs incurred by respondents in the preparation and production of a proposal or the costs of any services performed prior to receiving a contract from Pact. All proposals and materials submitted in conjunction with the proposals shall become the property of Pact for use as deemed appropriate, respecting all copyrights.
2. Pact reserves the right to modify the requirements of this RFP after its release. Any modifications to the requirements of this RFP will be publicly posted on Pact Cambodia's website. If any modifications make compliance with the procurement timetable impractical, Pact will adjust the timetable accordingly.
3. By submitting the bid, the contractor agrees that s/he will not make any claims for or have any right to damages because of any misinterpretation or misunderstanding of the specifications or because of any misinformation or lack of information.
4. The successful contractor will be notified by email. A contract will then be negotiated with the successful contractor. The contract will, among other provisions, incorporate the successful contractor's proposal.
5. Pact anticipates awarding a fixed-price contract. Under this instrument, payment will be made in installments based on the agreed upon values of partial deliverables submitted and acceptable to Pact.
6. Pact reserves the following prerogatives:
 - To accept or reject any or all proposals in part or entirety.
 - To correct any arithmetic errors in the proposals.
 - To waive or modify irregularities in proposals received after notification to the contractor.
 - To change any dates specified for the review and selection process.
 - To negotiate a payment schedule as part of the award of the contract.
 - To request additional information or written clarification of contractor response.

Post-Award

1. Failure of the contractor to begin work within fifteen (15) days of the start date will be grounds for termination of the contract.

2. Contractors may be requested to provide evidence that the award of the contract will not result in a conflict of interest with regard either to other work performed by the Contractor or to potential conflict of interest among specific contractor staff.
3. All materials created, developed or delivered under the contract will be the sole property of Pact and the Contractor agrees to provide any necessary support to ensure that Pact receives rights to the materials with free and clear title.
4. Pact reserves the right to approve or reject all contractor staff assigned to this project.