

TERMS OF REFERENCE

SHORT TITLE OF ASSIGNMENT

HACT Capacity assessment and Assurance Activities

BACKGROUND

UNICEF, UNFPA, UNDP and FAO¹ (UN Agencies) have adopted the 2014 revised UNDG Harmonized Approach to Cash Transfers (HACT) as a tool to ensure that funds transferred to partners are utilized as intended. Within the HACT framework there are the following four processes: (1) capacity assessments (macro assessment and micro assessment); (2) cash transfers and disbursements; (3) assurance activities; and (4) financial management capacity development.

UNICEF, UNFPA, UNDP and FAO have adopted the UNDG HACT framework in 2005 pursuant to United Nations General Assembly Resolution 56/201 on the triennial policy review of operational activities for development of the United Nations system. The framework was updated in 2014. The HACT framework represents a common operational (harmonized) framework for transferring cash to government and non-governmental IPs, irrespective of whether these partners work with one or multiple United Nation agencies. The objective of the HACT framework is to support a closer alignment of development aid with national priorities and to strengthen national capacities for management and accountability, with the ultimate objective of gradually shifting to national systems. It is understood that 'harmonized' in the context of the HACT framework refers to agencies implementing a common operational framework using the same, consistent, standardized approach and tools.

HACT micro assessments are not the only assessment, nor the only selection criteria for selecting implementing partners, and that additional reviews; such as Core Value Screening by UNICEF is being performed to inform the final choice of IP in each case. Such other reviews are currently outside the scope of this HACT tender.

While selection of government partners is based on the mandate and responsibilities of government entities, the process for identifying CSO is provided in the following link: https://www.unicef.org/about/partnerships/index_60037.html

Key guiding principles for UNICEF partnerships with civil society and other actors are outlined in the following link: https://www.unicef.org/about/partnerships/index_60074.html

The HACT framework represents a shift from assurance for cash transfers derived from project level controls and audits towards a method of assurance derived from risk/system-based assessments and audits.

Implementing partner (IP) is the entity responsible and accountable for ensuring proper use of UN Agency provided resources and implementation and management of the intended programme as defined in the work plan or the programme document. Implementing partners is a:

- Government partner, including ministries, semi-autonomous entities, local government;
- Intergovernmental organization; or

Civil Society Organization (CSO) partner, including national and international NGOs, academic institutions, community-based organizations and foundation

OBJECTIVE / SCOPE OF WORK

The purpose of this Request for Proposal for Services (RFPS) is to identify service provider(s) to provide professional assessment, assurance, and advisory services. Contracts for specific services would then be enacted by the Iran UN Agency(ies) country offices at the LTA-specified unit costs and other conditions.

The scope of work required, and specific deliverables are described in the Terms of Reference attached in Annex 1, and its appendices:

- a. Appendix I: Terms of Reference for Micro Assessment
- b. Appendix II: UNICEF Spot Check Guidance
- c. Appendix III: UNFPA Spot Check Guidance
- d. Appendix IV: Terms of Reference for HACT Audit
- e. Appendix V: Terms of Reference for Special Audit
- a. calendar year from HACT compliant agencies. Micro assessments are valid for 5 years, unless the office determines the need to reassess the implementing partner.

¹ In the case of FAO, please refer to the terminology in Appendix E

DESCRIPTION OF THE ASSIGNMENT

1. Micro Assessment

The micro assessment assesses the IP's financial management capacity (i.e. accounting, procurement, reporting, internal controls, etc.) to determine the overall financial risk rating and assurance activities. The risk rating, along with other available information, is also taken into consideration when selecting the appropriate cash transfer modality for a selected IP, based on each agency's business model. This assessment applies to both governmental and non-governmental IPs.

The two primary outputs of the micro assessment are:

- (a) An overall financial risk rating related to cash transfers to IPs (low, moderate, significant or high); and
- (b) The appropriate type and frequency of assurance activities and cash transfer modality based on each agency's business models.

The micro assessment is viewed as a component of the standard overall assessment of an IP, in addition to other available sources of information (e.g. core value assessment, history of engagement with the agency, previous audit reports, etc.) and results from the macro assessment (or the absence of information regarding the PFM environment and capacity of the SAI if no macro assessment exist).

The micro assessments scope may be revisited over time, and in such case additional information/offers would be requested via appropriate process as relevant.

2. Assurance Activities

The purpose of assurance activities is to determine whether the funds transferred to IPs were used for their intended purpose and in accordance with the work plan or programme document.

The components of financial assurance activities are briefly described as:

- a. **Spot checks:** a review of financial records related to the management of the partnership with UNICEF. Spot checks are performed in the office of implementing partners. Spot checks are not audits therefore the extent of expense testing is generally lower than what would be undertaken during an audit.
- b. **HACT audit:** a systematic and independent examination of data, statements, records, operations and performance of an implementing partner carried out by an external service provider. The overall objective of the audit is to provide the UN agency(ies) with a reasonable assurance on the appropriate use of funds provided to the Partner in accordance with the reporting requirements of the UN agency(ies), the IP agreement(s), programme document, work plan(s) and budgets.
- c. **Special audit:** an audit performed when significant issues and concerns are identified during the programme cycle, often the result of findings of programmatic visits and spot checks.

3. Capacity Development

Financial management capacity development is an action undertaken to address weaknesses of implementing partners' financial management capabilities thereby supporting medium and long-term sustainability of programme results. It may include follow-up on findings and recommendations from assurance activities and capacity assessment or specific control weaknesses as identified by the UN Agency(ies).

ACTIVITIES, DELIVERABLES, TIMELINES AND PAYMENTS

Deliverables

Specific service / outputs to be delivered for each service are detailed in the relevant TORs in the Appendices.

For *Capacity Development* and *Other Related Advisory Services* the UN Agency issuing a contract will define the procedures required and reporting requirement at the time of requesting the service.

Reporting Requirements

The relevant ToRs in the Appendices include sample report templates. These templates are to be used by the service provider in all countries where work is being undertaken through this LTA.

Reporting formats for the *Capacity Development* and *Other Related Advisory Services* will be agreed upon the service provider and the UN Agency prior to issuing the contract.

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

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

Reports are to be provided in Word or Excel format, as appropriate (or as may be further specified in the specific terms of reference). Where the service provider's internal policies require the final signed version to be provided only in PDF, the UN Agency will accept the PDF version accompanied by a Word/Excel version with same content but without signature and/or branding (as per service provider's internal policies).

The service provider is required to enter the reports into the agency's data system upon request by the UN Agency.

N.B. All reports and questionnaires must be submitted in English and Farsi

Location and Duration

UNICEF intends to enter a Long-Term Arrangement for Services (LTA-S) with the successful Bidder(s) for the provision of an indefinite quantity of the specified services. In the event of UNICEF signing LTA-S, the following shall apply:

- a) The LTA-S shall be valid for 1 years from the date were both parties have signed the agreement with an option for further extension of a 2 years period subject to satisfactory performance of the service providers and at UN Agency/ies sole direction and availability of fund.
- b) The LTA-S shall be based awarded per category (service item) in Iran.
- c) The UN Agencies will not be committed to purchase any minimum quantity of the services, and purchases will be made only if and when there is an actual requirement. The UN Agencies will not be liable for any cost in the event that no purchases are made under any resulting LTA-S.

Contract(s) for services will be issued under the LTA-S by UN Agency(ies) Country Offices.

It is anticipated that the work will take place in Iran, and may be located either in Tehran, or at provincial, district or other sub-national level, unless agreed otherwise with the office issuing the contract.

Payment Schedule

The milestones/deliverables must be determined by each CO and the service provider and will be part of each contract issued to the LTA-S holder. The service provider will prepare final invoice when the service is completed and the final report for the service requested is issued. In the case of UN Agency office requesting multiple services at the same time, the LTA-S holder is permitted to prepare periodic billing. The LTA-S holder is permitted to prepare invoices for 80% of the price of the service at the time of issuance of the draft report for the respective service. Final invoice for the remaining 20% will be prepared at the time of the issuance of the final report.

For late delivery of services or for services which do not meet UN Agency(ies)' specifications/requirements and are therefore rejected by the UN Agency shall be entitled to claim liquidated damages from the successful proposer, and deduct 0.5% of the value of the services pursuant to Institutional/Corporate Contract per additional day of delay, up to a maximum of 10% of the value of the Institutional/ Corporate Contract. The payment or deduction of such liquidated damages shall not relieve the successful proposer from any of its other obligations or liabilities pursuant to any Institutional/Corporate Contract.

QUALIFICATIONS, SPECIALIZED EXPERIENCE AND ADDITIONAL COMPETENCIES

The qualification requirements for the assignment including required experience, skills and qualifications; if applicable, are detailed in the individual TORs attached as Appendices for each specific service.

The service provider must possess the personnel, experience, qualifications, facilities, financial resources and all other skills and resources to perform their obligations under any resulting agreement.

CONDITIONS OF WORK

Administrative issues

Services are required throughout the year and as scheduled by each UN Agency office. UNFPA HACT audits are required to be submitted by 30 April of each year following the year under review. The service provider will plan accordingly and ensure resources are available to meet office needs as required.

In specific situations, such as large number of specific services required, the UN Agency(ies) may request secondary bid / quotation for the identified list of services from the qualified service providers.

All prices/rates quoted must in Iranian Rials exclusive of all taxes as UNICEF /UNFPA are tax-exempt organization. The UN Agency(ies) will not provide resources and facilities to the contractor such as office space, computer and printers, visas and travel arrangements and security to the staff members of the service providers etc.

All prices are inclusive of travel cost if the service requested is in a capital or major city. Major cities are defined as cities where the UN Agency and the service provider have established a permanent office. If travel is required, the UN Agency and the service provider will agree upon the travel costs prior to signing the contract for the services requested. The travel cost shall be calculated based on economy class travel, and costs for accommodation, meals and incidentals shall be in accordance with the service provider policies and cannot exceed applicable daily subsistence allowance (DSA) rates, as promulgated by the International Civil Service Commission (ICSC). Unexpected travels shall also be treated as above.

Project management

The successful service provider for this LTA should assign a Coordinator appointed by the firm. The Coordinator will be a senior partner appointed by the firm who will be responsible to ensure that there are mechanisms in place for standardization and quality assurance of all service delivery to the UN Agency(ies), including training of all personnel, affiliates and review of all reports. All issues with quality or timely service delivery are to be addressed by the Coordinator. The UN Agencies Country Offices will interact with the Coordinator.

The Country Coordinator will coordinate with the UN Agency's office requesting a service and be responsible for carrying out planning, execution and reporting. The contact details (name, job title, mobile telephone number and email) of Coordinator should be provided as part of the technical proposal. All correspondence to the Global/Regional Coordinator shall be responded to within 24 – 48 hours.

Other information

In cases, where the UN Agency requests a service provider to undertaken different type of services on a specific partner, the service provider is expected to ensure there is no conflict of interest in the provision of those services.

In the delivery of any services under this LTA, cases which indicate fraud or presumptive fraud will be brought to the immediate attention of the designated person in each UN Agency's office without waiting for the issuance of the audit report.

The service provider is to maintain working papers supporting audit work at its premises for seven years. The UN Agency(ies) shall on request have access to the working paper documentation. At the request of the UN Agency(ies), the service provider is to brief subsequent service providers on the details of the results of any work carried out under this LTA.

Any staff of the service provider providing services to UNICEF/UNFPA/UNDP/FAO is required to review UNDG HACT Framework, FAO as well as UNICEF/UNFPA/UNDP HACT related policies and procedures (provided upon contact award) and other pertinent background material in order to provide quality services to the UN Agencies.

Successful Bidders will maintain separate reporting and communication lines with UNICEF and UNFPA (and another other UN agency who may avail of any LTA established as a result of this RFP).

The UN agencies shall be bound by the provisions of this LTA in respect of each other only to the extent that each UN agency has actually placed, and the LTA holder (s) has accepted, any Purchase Orders in accordance with this LTA, and the placing of any Purchase Orders by each UN agency shall not under any circumstance render each UN agency jointly and severally liable with other organization of UN for the obligations of another UN agency arising out of or in connection with this LTA.

CRITERIA FOR EVALUATION

Following the closure of RFP, proposals received will be assessed first on its technical merits (including by reference to legal requirements) and subsequently on its price.

The proposals will be evaluated technically against the elements under appendix A.