

## TERMS OF REFERENCE

### SHORT TITLE OF ASSIGNMENT

**HACT Capacity assessment and Assurance Activities**

### BACKGROUND

UNICEF, UNFPA and UNDP (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 and UNDP 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 Nations 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](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](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 appendices:

- Appendix I: Terms of Reference for Micro Assessment
  - Appendix II: UNICEF Spot Check Guidance
  - Appendix III: UNFPA Spot Check Guidance
  - Appendix IV: Terms of Reference for HACT Audit
  - 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.

## 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 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 be 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 the capital. 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 undertake 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 five 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 is required to review UNDG HACT Framework, 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.

## APPENDIX A: EVALUATION CRITERIA

### Technical Evaluation criteria scores:

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 against the following elements:

### Technical Proposal

The total obtainable points allocated for the technical component is 70 with 45 points as the passing score for evaluation. Only bidders that obtain 45 points and above from the technical evaluation will be considered for the next stage of commercial evaluation.

Criteria		Weight
<b>Brief Description of Firm</b>		<b>3</b>
1	Provide a brief description of the organization, including the year, type of activities undertaken, and approximate annual billings.	1
2	Reference any history of litigation and arbitration in which the firm has been involved.	1
3	Provide a brief description of the staff structure, including the total number of staff and their respective roles and responsibilities within the firm	1
<b>General Organizational Capability</b>		<b>8</b>
3	Describe corporate capability for management of the project in accordance with the Terms of Reference.	2
4	Provide listing of present and ongoing contracts that have a direct relationship to the area of auditing including relevant experience in financial assurance and audit related engagements.	1
5	Demonstrate ability to develop and validate reports in English where and when required.	2
6	Demonstrate knowledge of governance and oversight structures of the public sector and/or multi-lateral or multi-national clients.	2
7	Demonstrate knowledge of and relevant experience with UN agencies and INGOs, particularly in relation to financial assurance, auditing, and cash transfer mechanisms	1
<b>Specialized Knowledge and Experience</b>		<b>20</b>
8	Provide evidence of successful completion of at least three contracts in the area of auditing and financial assurance activities within the last five years, by submitting for each contract: <ol style="list-style-type: none"> <li>1. client organization,</li> <li>2. name of the country (s),</li> <li>3. rials value of the contract,</li> <li>4. number of Bidder resources involved in the project,</li> <li>5. the total level of effort; in days,</li> <li>6. start date and end date of the project,</li> <li>7. short description of the project,</li> <li>8. reference name, title, description of role/knowledge related to the project, phone, email</li> </ol> References may be contacted for verification. (Maximum of one (1) page per contract)	15
10	Demonstration of a minimum of 7 years of work experience by the firm.	5
<b>Quality Assurance and Risk Management</b>		<b>15</b>

**Commented [FK1]:** Inputs from Mohammad K: The following items represent the criteria that a majority of bidders have struggled with in submitting their documentation. It would be beneficial to review these criteria to determine if they can be replaced with alternative documents. It appears that the criteria requiring detailed descriptions do not align with the areas in which bidders are willing to provide documentation. Additionally, given their involvement in the field of auditing, they may be reluctant to disclose some of these information.

**Commented [FK2]:** To be moved to section 1

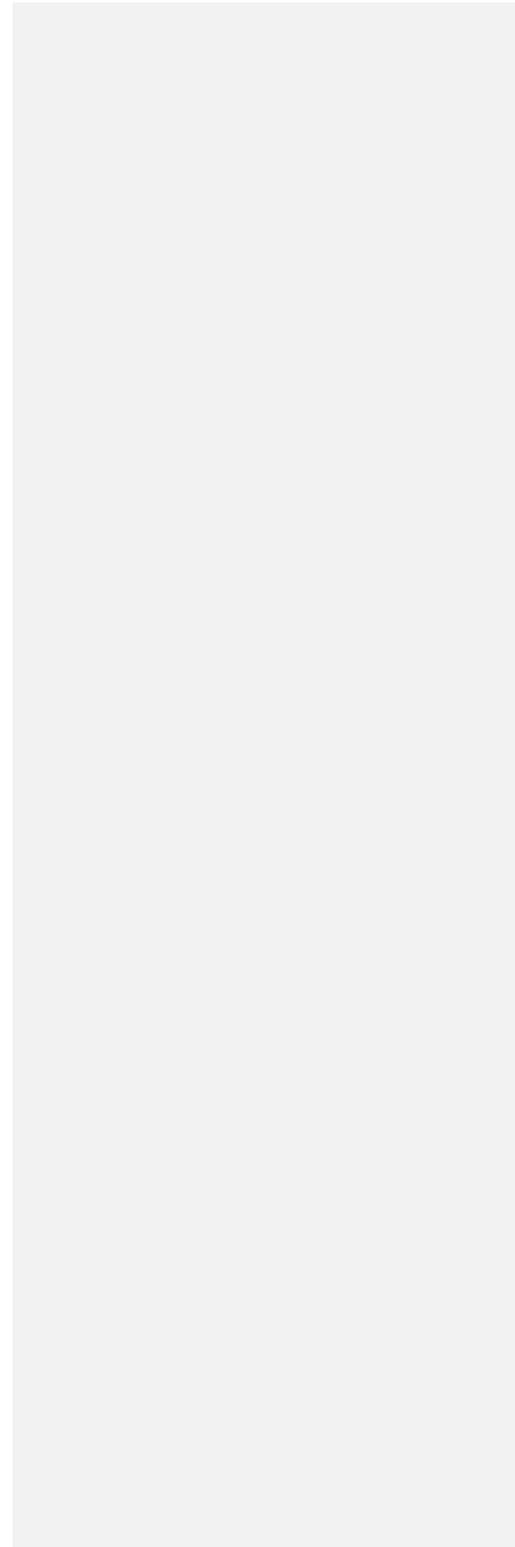
**Commented [FK3]:** Inputs from Mohammad K: The following items represent the criteria that a majority of bidders have struggled with in submitting their documentation. It would be beneficial to review these criteria to determine if they can be replaced with alternative documents. It appears that the criteria requiring detailed descriptions do not align with the areas in which bidders are willing to provide documentation. Additionally, given their involvement in the field of auditing, they may be reluctant to disclose some of these information.

11	Describe the quality assurance and risk management mechanism in place to ensure all professional services meet the Terms of Reference. Include the role of the Coordinator and their key activities to ensure timely and high-quality service delivery	5
12	Describe the process for identifying and reporting conflicts of interest to UNICEF and UNFPA before starting any tasks if awarded the contract. This includes managing conflicts when conducting assessments (e.g., micro-assessments) and post assessment/assurance activities (e.g., spot checks and audits) for the same entity	5
13	Description of the firm's information security policies and practices to ensure the confidentiality and security of all reports and related information. This should include a letter of proof on established confidentiality protocols, such as non-disclosure agreements (NDAs) and restricted access to sensitive data, and an explanation of how reports are securely stored and handled.	5
<b>Approach and Methodology</b>		<b>9</b>
14	List potential challenges related to government operations and provide mitigation measures to address them, ensuring effective service delivery as per Appendix I, II, III, and IV.	2
15	Description of the Bidder's approach and methodology to undertake investigative procedures.	5
16	Description of the Bidder's perspective on possible challenges in providing financial management capacity development service to different types of partners, including language barriers, variations in financial knowledge levels, differences in partner agreements and limitation in partner staff capacity, and outline how the Bidder would overcome such challenges.	2
<b>Project Team Structure and Expertise</b>		<b>15</b>
19	Describe the composition of the designated audit team proposed to provide the services, including an organizational chart, reporting lines, together with a description of overall firm structure to support the team.	10
20	Provide the curriculum vitae of the proposed key team member that will be involved either full time or part time (Curriculum vitae format provided below). Provide the Regional Coordinator, and any relevant Subject Matter Experts.	5

**Commented [FK4]:** Inputs from Mohammad K: The following items represent the criteria that a majority of bidders have struggled with in submitting their documentation. It would be beneficial to review these criteria to determine if they can be replaced with alternative documents. It appears that the criteria requiring detailed descriptions do not align with the areas in which bidders are willing to provide documentation. Additionally, given their involvement in the field of auditing, they may be reluctant to disclose some of these information.

**Format for curriculum vitae**

<b>Name</b>		
<b>Position for this contract:</b>		
<b>Language skills (indicate proficiency: fluent, fair or poor in speaking, reading and writing)</b>		
<b>Education and professional credentials</b>		
<b>Countries of work experience</b>		
<b>Relevant experience (from most recent)</b>		
Period: From - To	Name of project/organization	Job title and activities undertaken
<b>References (minimum 3)</b>	(Name/Title/Organization/Phone/Email)	



## APPENDIX B: FORMAT FOR FINANCIAL PROPOSAL

Please note the following:

- All bidders must provide pricing for Summary Report – the scope reflecting both the geography and services a successful bidder would be providing;
- Bidders that are bidding on Spot Checks, Internal Control Audit, Financial Audit and Special Audit must also provide pricing for Follow-up Recommendations.
- Bidders submitting bids for internal control audit, financial audit and spot checks must also provide pricing for “Data entry into UNFPA’s information management system.”

### Micro assessment

Please provide the all-inclusive price (in Iranian Rials) for to deliver professional services in accordance with Appendix I, Terms of Reference Micro Assessment. The price must include all costs to be borne by the Bidder for undertaking the micro assessment, including management, coordination, quality assurance and overhead.

Please note that prices quoted must include any costs related to travel in Tehran and other cities. The UN Agencies will not pay for travel costs related to services provided in Tehran and other cities.

City	All-inclusive price
Tehran	

### Spot check – Appendix II

Please provide the all-inclusive price (in Iranian Rials) to deliver professional services in accordance with Appendix II, UNICEF Spot Check Guidance. The price must include all costs to be borne by the Bidder for undertaking the spot check, including management, coordination, quality assurance and overhead.

Please note that prices quoted must include any costs related to travel in Tehran and other cities. The UN Agency(ies) will not pay for travel costs related to services provided in Tehran and other cities.

The proposed prices for spot checks should be staggered based on the total value of the cash transfers to partner to be covered by the spot check, in line with the following price bands:

Spot checks	Covering total cash transfers in the range:
Price band 1	Up to \$50,000
Price band 2	> \$50,000 up to \$100,000
Price band 3	> \$100,000 up to \$250,000
Price band 4	> \$250,000 up to \$500,000
Price band 5	>\$500,000 up to \$1,000,000
Price band 6	>\$1,000,000

All-inclusive price per spot check	Price Band 1	Price Band 2	Price Band 3	Price Band 4	Price Band 5	Price Band 6
Tehran						

### HACT Audit

Please provide the all-inclusive price (in Iranian Rials) for to deliver professional services in accordance with Appendix IV, HACT Audit. The price must include all costs to be borne by the Bidder for undertaking the audit, including management, coordination, quality assurance and overhead.

Please note that prices quoted must include any costs related to travel in Tehran and other cities. The UN Agency(ies) will not pay for travel costs related to services provided in Tehran and other cities.

The proposed prices for audits should be staggered based on the total value of the cash transfers to partner to be covered by the audit, in line with the following price bands:

<b>Audits</b>	<b>Covering total cash transfers in the range:</b>
Price band 1	Up to \$50,000
Price band 2	> \$50,000 up to \$100,000
Price band 3	> \$100,000 up to \$250,000
Price band 4	> \$250,000 up to \$500,000
Price band 5	>\$500,000 up to \$1,000,000
Price band 6	>\$1,000,000

<b>All-inclusive price per spot check</b>	Price Band 1	Price Band 2	Price Band 3	Price Band 4	Price Band 5	Price Band 6
Tehran						

#### Special Audit services (including investigate services)

Please provide a daily and hourly maximum rate (in Iranian Rials) to deliver special audit services. The price must include all costs to be borne by the Bidder for undertaking the special audit procedures, including management, coordination, quality assurance and overhead.

Please note that prices quoted must include any costs related to travel in Tehran and other cities. The UN Agency(ies) will not pay for travel costs related to services provided in Tehran and other cities.

<b>All-inclusive rates per position for special audit services</b>	Coordinator hourly rate	Investigative Specialist hourly rate	Professional Staff daily rate
Tehran			

#### Financial management capacity development activities

Please provide a daily and hourly maximum rate (in Iranian Rials) to deliver financial management capacity development activities. The price must include all costs to be borne by the Bidder for undertaking the professional services, including management, coordination, quality assurance and overhead.

Please note that prices quoted must include any costs related to travel in Tehran and other cities. The UN Agency(ies) will not pay for travel costs related to services provided in Tehran and other cities.

<b>All-inclusive rates per position for financial management capacity development</b>	Coordinator hourly rate	Financial Management Capacity Development Specialist hourly rate	Professional Staff daily rate
Tehran			

#### Summary report

Please provide lump sum all-inclusive price to deliver summary report to the UN Agency on an annual basis.

#### Data entry into the UN Agency(ies) information management system

Please indicate the all-inclusive flat rate fee per report (if any) for data entry of the results of micro assessment, spot checks and HACT audit into the UN Agency(ies) information management system.

