

Annex I

LRPS-2021-9165091

Terms of Reference for Long Term Arrangement (LTA)

Micro Assessment, Spot Check, and Audit Performed by Third Party Service Provider for UNICEF and other UN Agencies.

UNICEF and other UNDG Agencies have adopted the 2014 revised UNDG Harmonized Cash Transfer (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) macro assessments (2) micro assessments (3) cash transfers and disbursements and (4) assurance activities. Assurance activities include planning, periodic on-site reviews (spot checks), programmatic monitoring, scheduled audits and special audits.

UNICEF/other UNDG Agencies transfer cash to both governmental and non-governmental partners. The transfer of non-cash resources to partners (ex. supplies) is not considered under the HACT framework.

Purpose

This is to conclude two Long Term Agreements (LTAs) for the period of three years with qualified local service providers. The successful local service providers shall be contracted for an initial period of one year, with the contract renewable for another two years (yearly extension) subject to satisfactory performance.

This local service providers are to provide professional services to UNICEF/other UNDG Agencies as described in Table 1. UNICEF/other UNDG Agencies, however, are not bound by the LTAs to purchase any minimum amount of services. UNICEF/other UNDG Agencies reserves the right to utilize other sources at its discretion to assure value for money. Once the LTAs are established with the local service providers, the orders for specific services will be placed through the Purchase Order/Contracts issued by the respective UN Agencies and the General Terms and Conditions for Institutional/Corporate Contracts will be in forced.

Table 1: Scope of professional services

	Service	Terms of reference, including output	Comments
1	Micro assessment	Appendix A: Terms of Reference for Micro Assessment	Required for all partners receiving more than \$100,000/year.
2	Spot checks	Appendix B: Terms of Reference for Spot Check	Required for all partners receiving more than \$50,000/year.
3	HACT Audit	Appendix C: Terms of Reference for HACT Audit	Based on partners' risk rating and as per UN agency policy.

	Service	Terms of reference, including output	Comments
4	HACT Special Audit	Appendix D: Terms of Reference for HACT Special Audit. The specific terms of reference and outputs will be developed in accordance with the issue that triggered the special audit.	Triggered as a result of specific issues and concerns arising during the programme cycle.

Reports

Upon award of the LTA, UNICEF/other UNDG Agencies and the service provider will jointly agree on the exact report specifications; which will be in accordance with all agreed upon reporting templates of the UNDG HACT Framework (2014). These jointly agreed report templates are to be used by the service provider being undertaken through this LTA.

Draft reports are shared with the UNICEF/other UNDG Agencies and the implementing partner. Final reports are to be issued by the service provider directly to UNICEF/other UNDG Agencies. UNICEF/other UNDG Agencies 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, UNICEF/other UNDG Agencies 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).

Timing and Schedules

Services are required throughout the year and as scheduled by UNICEF/other UNDG Agencies office. The service provider will plan accordingly and ensure resources are available to meet office needs as required.

Payment Schedules

Payment Schedules: 100% payment upon satisfactory delivery and UNICEF/other UNDG Agencies acceptance of Report.

Other Pertinent Matters

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 UNICEF/other UNDG Agencies 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. UNICEF/other UNDG Agencies shall on request have access to the working paper documentation. At the request of UNICEF/other UNDG Agencies, the service provider is to brief subsequent service providers on the details of the results of any work carried out under this LTA.

Professional experience and qualification of each service provider staff member are expected to meet or exceed specific requirements listed in each individual terms of reference contained in the LTA. UNICEF/other UNDG Agencies reserves the right to request CVs for each service provider staff member that will be carrying out any work under this LTA. UNICEF/other UNDG Agencies reserves the right to request the service provider to provide replacement staff where UNICEF feels CVs do not meet minimum requirements as per the specific terms of references.

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

Successful Bidders will maintain separate reporting and communication lines with UNICEF (and other UN agency whom may avail of any LTA established).

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/Contracts in accordance with this LTA, and the placing of any Purchase Orders/Contracts 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.

Qualifications of the Third Party Service Provider for Micro Assessment

The third party service provider must be experienced in performing assessments similar to a micro assessment and assessing risks related to organizational financial management capacity (i.e. accounting, reporting, procurement and internal controls), for minimum of 5 years.

The service provider must also have knowledge of the United Nations system and the development sector.

CVs of all members of the assessment team should be provided to the commissioning UN agency/ies and should include details on engagements carried out by relevant staff, including ongoing assignments indicating responsibilities assumed by them and their qualifications and experience in undertaking similar assessments.

Qualifications of the Third Party Service Provider for Spot Check

As noted in ISRS 4400 paragraph 7: “The auditor should comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code). Ethical principles governing the auditor’s professional responsibilities for this type of engagement are:

(a) Integrity;

- (b) Objectivity;
- (c) Professional competence and due care;
- (d) Confidentiality;
- (e) Professional behavior; and
- (f) Technical standards.”

Independence is not a requirement for agreed-upon procedures engagements. However, the terms or objectives of an engagement or national standards may require the third party service provider to comply with the independence requirements of the IESBA Code. Where the service provider is not independent, a statement to that effect should be made in the report of factual findings.

The third party service provider should be experienced in applying ISRS standards. If hiring staff, the service provider should employ staff with recognized professional qualifications and suitable experience with ISRS standards, including experience in reviewing similar entities.

CVs of all members of the assessment team should be provided. They should include details on agreed-upon procedures carried out by the relevant staff, including ongoing assignments indicating responsibilities assumed by them, and their qualifications and experience in undertaking agreed-upon procedures.

Qualification of the Third Party Service Provider for HACT Audit and Special Audit

The third party service provider (auditor) is subject to at least one of the following terms:

- a) The Auditor is a professional accountant (or a firm of professional accountants) that is a member of a national accounting or auditing body or institution, which in turn is a member or associate of the International Federation of Accountants (IFAC).¹
- b) The Auditor is a member of a national accounting or auditing body or institution that is a recognized regulatory body of professional accountants and Auditors. The Auditor commits him/herself to undertake this engagement in accordance with the IFAC Handbook on International Standards on Auditing and Quality Control, including the Code of Ethics therein.
- c) The Auditor is registered as a statutory Auditor in the public register of a public oversight body in a third country, and this register is subject to principles of public oversight as set out in the legislation of the country concerned (this applies to Auditors and audit firms based in a third country).

The auditor should comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (the IESBA Code). Independence is not a requirement for agreed-upon procedures engagements; however, the terms or objectives of an engagement or national standards may require the auditor to comply with the independence

¹ A list of IFAC members and associates is available at <http://www.ifac.org/about-ifac/membership/members>.

requirements of the IESBA Code. Where the auditor is not independent, a statement to that effect would be made in the report of factual findings.

Guidance to the Bidders on Secondary Bidding

During the validity of the LTAs, the two LTA holders will be invited to quote for each specific requirement based on secondary bidding in order to ensure best value for money through effective competition. The award of the Purchase Orders for specific requirements will therefore be subject to secondary bidding among LTA holders, which will be applicable after the corresponding LTAs are awarded. LTA holders must be able to provide quotes to the services requested where they have appropriate capacity to provide quality and on-time services.

For secondary bidding the LTA holders shall use the consultancy fee, local transport, per diem, and out of pocket costs proposed in the LTAs, while airfare costs will be reviewed during the secondary bidding.