

Terms of Reference For Institutional Consultancy

Title	Long-Term Agreement for Harmonized Approach to Cash Transfers (HACT) Services
Location	State of Palestine (Gaza & West Bank)
Duration	24 months with a possibility or extension for another 12 months.
Start Date	TBD
Reporting to	Operations Manager , UNICEF State of Palestine

1. Background

UNDP, UNFPA and UNICEF have adopted the 2014 revised undg Harmonized Approach to Cash Transfers ("HACT") as a common operational (harmonized) framework for transferring cash to government and non-governmental implementing partners ("IP").

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 to agencies implementing a common operational framework using the same, consistent, standardized approach and tools. 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.

The UNICEF Emergency Response in the above specified locations seeks to establish one or more long term agreements for services to provide a range of financial assessment and assurance activities related to both government and non-government implementing partners (IPs) in the above specified locations. The financial assessment and assurance activities, other advisory activities and services will be provided under the HACT (Harmonized Approach to Cash Transfers) Framework. The assurance and assessment activities will encompass micro assessments, financial spot checks, financial audits, and special audits.

2. Purpose and specific objectives

The objective of this Terms of Reference is to identify and engage institution(s) on a Long-Term Agreement (LTA) to undertake HACT Assurance activities of Implementing Partners as required. These include Micro Assessments, Spot Checks and Audits in the above specified locations.

UNICEF will award a Long-Term Agreement to the best technical and financial offer for a period of 24 months with an option for an extension for up 12 months, all subject to satisfactory performance and evaluation of the Contractor and UNICEF's requirements for the provision of the services.

Individual service contracts will be issued based on the LTA. Any resulting LTAs shall be non-exclusive i.e. UNICEF has the right to hold more than one LTA for the same services.

The number of Micro assessments, spot-checks, audits and special audits to be undertaken in the given year is determined by the Chief of Section depending on the country office requirements for the year.

3. Scope of Work

The selected service provider will be expected to undertake the following activities as required in a timely manner as per the HACT framework and guidelines:

a. MICRO Assessment

The Micro assessment assesses the IP's financial management capacity (i.e. accounting procurement, reporting, internal controls, etc.) to determine the overall 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 governmental and non-governmental IPs. The two primary outputs of the micro assessment are:

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

See attached TOR specific for Micro Assessment and Questionnaire (Annex V)

b. Financial Assurance Activities

The purpose of financial assurance is to determine whether the funds transferred to IPs were used for their intended purpose and in accordance with the work plan. Without appropriate completion of the assurance activities, the HACT framework would only serve as a mechanism for risk assessment/identification, rather than a mechanism for risk management and mitigation. This would expose the United Nations to significant risk and audit findings.

The components of financial assurance activities are briefly described as:

1. 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.
2. Management letters: is meant to communicate observations, findings and recommendations related to deficiencies in internal control regarding IPs financial management system as at the period indicated by the agency and consistent with the corresponding spot check or audit engagement.
3. HACT audits (Internal Control Audit): a systematic and independent examination of data, statements, records, operations and performance of an implementing partner carried out by an external service provider.
4. Special audits (Financial Audits): 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.

See attached TOR specific for Spot Checks (Annex II.), Scheduled (HACT) Audits (Annex III.) and Special Audits (Annex IV.)

Timing

The assessment should be completed (including the site visit) within four weeks of engaging the service provider. The HACT focal point and/or inter-agency coordinator will introduce the service provider and the IP to aid coordination of the site visit.

UNICEF emergency response in State of Palestine would like to establish one or more local Long-Term Agreements for the described services. The office would be ideally located in the State of Palestine would be the direct service provider as described in Table 1.

Table 1: Scope of professional services

No.	Requested Service	Terms of reference	Comments
1	Micro assessments	Terms of Reference for Micro Assessment (Annex I.)	Required for all partners receiving more than \$100,000/year.
2	Spot checks	Terms of Reference for Spot Checks (Annex II.)	Required for all partners receiving more than \$50,000/year. Follow-up spot checks may be assigned if there are significant findings.
4	Scheduled HACT Audit	Terms of Reference for scheduled HACT Audit (Annex III.)	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
5	Special audits (Financial Audit)	The specific terms of reference and outputs will be developed in accordance with the issue that triggered the special audit (Annex IV.)	Triggered as a result of specific issues and concerns arising during the programme cycle. Examples include operational audits, financial audit and investigative procedures.

The frequency and volume of assurance activities will be determined by each office based on an annual assurance plan.

4. Scope of the review (Description of the assignment)

A HACT spot check is a review of an implementing partner's financial to obtain reasonable assurance that amounts reported by the partner on the FACE form are accurate. Spot checks are performed in the office where the implementing partner keeps its financial records. Spot check findings may result in identification of issues requiring follow-up from UNICEF and the implementing partner such as the identification of ineligible expenditure and may trigger additional assurance activities. A minimum of one spot check is required for all implementing partner partners reporting US\$ 50,000 or more expenditure in a year.

Spot check assignments will include the following procedures:

- Inquiries related to the IP's internal controls with respect to financial management, procurement and/or other controls required to appropriately implement the activities defined in the WP;
- reviewing a sample of expenditures to confirm that documentation supports the expenditures, and the expenditures are in accordance with the work plan.

The successful firms will be expected to undertake the following tasks:

1. Compare documentation obtained describing the IP's financial management internal controls against the most recent Micro Assessment and assurance activities from the corresponding programme cycle. Document any changes or inconsistencies.
2. Inquire from IP management whether there have been any changes to internal controls since the prior Micro Assessment from the current programme cycle. Document any changes identified, if any.
3. Obtain a listing of all programme related expenditures for the agreed upon period of engagement and perform the following:
 - Randomly select a sample of expenditures amounting to an agreed percentage of total expenditures in relation to their needs and requirements. Provide a detailed listing of expenditures selected as samples.
 - For each sample selection perform the following procedures:
 - Verify that documentation exists to support the expenditure in accordance with the IP's rules and procedures and agreements with the agency
 - Verify that the activity related to the expenditure is in accordance with the Work Plan (WP)¹
 - Verify that the expenditure has been reviewed and approved in accordance with the IP's rules and procedures and agreements with the agency
 - Verify that expenditure was reflected on a certified FACE form submitted to the agency
 - Verify that expenditure was reflected in the accounting records and bank statement of the IP
 - Verify that supporting documents are stamped "PAID" indicating which agency funded the transaction
 - Verify that the FACE form was submitted timely (within two week) of periodicity of disbursement requirement provided in the HACT framework
 - Verify the price paid for goods or services against UN agreed standard rates (if readily available)
4. If separate bank accounts are maintained for agency granted funds, perform the following procedures:

Verify that the activity per the bank statements agrees with that reflected in the accounting records. Document any variances noted; and confirm that a bank reconciliation was completed and that the balance has been reconciled to the accounting records. Document any variances noted

5. The audit firms will upload final reports in the respective agency electronic system e.g. eTools

5. Methodology

Standards for Spot Checks:

¹ Agency Work Plan (WP) can be annual, multi-year, rolling or joint

The attestation engagement should be conducted in accordance with SRS 4400, Agreed-upon Procedures Regarding Financial Information.

Standards for Management Letters:

The management letter is to be prepared in accordance with the IPPF. The management letter does not provide any assurance or opinion regarding the IP's internal controls

Standards for (Special Audit) Financial Audit:

The audit is conducted in accordance with International Auditing Standards (ISA) 800 Special Considerations – Audit of Financial Statements Prepared in Accordance with Special Purpose Frameworks.

6. Ethical considerations

The review will be guided by UNEG Ethical Guidelines² and UNICEF Procedure for Ethical Standards³. Should children be involved in the data collection or otherwise, ethical clearance should be sought by the review team. The common guiding principles will be used to ensure ethical safety during the review process:

- Privacy and confidentiality
- Informed consent
- Harm and benefits
- Conflict of interest

The reviewers will explain to the participants the purpose and use of the review; they will also make it explicitly clear to the participants that their participation is voluntary, and they can withdraw at any moment. Throughout the process, the reviewers should be sensitive to beliefs, manners and customs and act with integrity and honesty in their relationships with all stakeholders.

7. Work plan

Please refer to Annex I, II, III, and IV as stated per activity

8. Deliverables and payment schedule

Deliverables should be aligned to timeframes, checklist and report format and template in accordance to requested service. Payment for each activity will be made in full upon completion of the work and presentation and acceptance of a final report and invoice.

Deliverables	Timeframe	Payment
Deliverables should be aligned to timeframes, checklist and report format and template in accordance to requested service	Within 30 days upon receipt of approved invoice	100%

UNICEF reserves the right to withhold all or a portion of payment if performance is unsatisfactory, if work/output is incomplete, not delivered, or for failure to meet deadlines.

9. Management and supervision

² <http://www.unevaluation.org/document/detail/102>

³ UNICEF PROCEDURE FOR ETHICAL STANDARDS IN RESEARCH, EVALUATION, DATA COLLECTION AND ANALYSIS, April 2015

The operational structure envisioned for this arrangement consists of a Focal Point/Coordinator appointed by the firm. The Focal Point/Coordinator will be a senior partner appointed by the firm who will be responsible to ensure that there are mechanisms in place for overall project quality assurance and service delivery to UNICEF. All issues with quality or timely service delivery are to be addressed by the Focal Point/Coordinator. UNICEF Implementing partnerships officer (HACT) will interact with the Focal Point/Coordinator under the supervision of the Operational Manager.

10. Reporting requirements

The exact report specifications are provided in sub-Annexes to each Annex I, II, III, and IV. These report templates are to be used by the service provider where work is undertaken through this LTA.

Final reports are to be issued by the service provider directly to UNICEF Emergency Response in the Czech Republic office. UNICEF 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 be submitted electronically in Word or Excel format, as appropriate in English language (or as may be further specified in the terms of reference). Where the final signed report version to be provided only in PDF, UNICEF 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). Assessment and financial assurance reports are recorded in eTools: the implementing partnership system for UNICEF.

11. Qualification requirements/specialised knowledge/experience required to complete the task

The company is expected to be based in the above specified locations. The required qualifications/knowledge include:

- Professional experience and qualification of each team member are expected to meet or exceed specific requirements listed in the TOR per service area see Annex I, II, III, IV and V.
- The 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).
- The service provider must also have knowledge of the United Nations system and the development sector. Any staff of the service provider providing services to UNICEF is required to review UNDG HACT Framework, UNICEF HACT related policies and procedures (provided upon contract award) and other pertinent background material in order to provide quality services to UNICEF.
- For Spot Check assignment, the service provider staff must be experienced in applying ISRS standards. The service provider should employ staff with recognized professional qualifications and suitable experience with ISRS standards, including experience in reviewing similar entities. Please see details on Annex II - Spot Check.
- For HACT Audit assignment, relevant ethical requirements ordinarily comprise of Parts A and B of the International Ethics Standards Board for Professional Accountants (IESBA Code) related to an audit of financial statements together with national requirements that may be more restrictive see details on Annex IV - Audit for Internal Control
- UNICEF reserves the right to request CVs for each service provider staff member that will be carrying out any work under this LTA.
- UNICEF 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.
- Excellent analytical, communication, organizational and good report writing skills in English;

Request for submission

- A technical proposal with proposed methodology/approach to managing the tasks, showing understanding of tasks and work plan (no price information should be contained in the technical proposal)
- A copy of the organization profile
- The proposed technical team curriculum vitae (CV)
- A sample of previous work undertaken in the last two years
- Financial proposal (separate envelope).

Evaluation process and methods

The evaluation methodology is based on a highest combined score (based on the 70% technical offer and 30% price weight distribution).

Each interested institution is requested to submit in a one page brief a proposed approach for such assignment along with a copy of the organization profile, the proposed technical team curriculum vitae, expected budget as well as a sample of previous work undertaken in the last two years.

After the opening, each proposal will be assessed first on its technical merits and subsequently on its financial value price. The proposal with the best overall value, composed of technical merit and price, will be recommended for approval. UNICEF will set up an evaluation panel composed of technical and procurement staff and their conclusions will be forwarded to the internal UNICEF Contracts Review Committee or other relevant approving authority. The evaluation panel will first evaluate each response for compliance with the requirements of this Terms of Reference. Responses deemed not to meet all of the mandatory requirements will be considered non-compliant and rejected at this stage without further consideration. Failure to comply with any of the terms and conditions contained in these Terms of Reference, including provision of all required information, may result in a response or proposal being disqualified from further consideration.

The overall weighting between technical and price evaluation will be based on the predefined criteria. The technical component will account for 70% of the total points allocated and the financial component (commercial evaluation) will account for 30% of the total points allocated.

Technical evaluation:

The proposals will be evaluated against the following technical criteria:

Item	Technical Criteria/Qualifications	Max. Points
1	Overall Response	5
1.1	Completeness of the proposal and responsiveness to the TOR (5 pts)	
2	Brief Description of the firm	35
2.1	Provide brief description of the organization, including the year and experience in either country: the State of Palestine incorporation, type of activities undertaken, approximate annual billings and number of years of experience either in these countries (10 pts)	
2.2	Demonstrate performing assessments similar to spot-checks and assessing risks related to organizational financial management capacity (i.e. accounting, reporting, procurement and internal controls). (10 pts)	
2.3	Demonstrate ability to conduct audits using multilingual staff where and when required Demonstrate knowledge/experience of staff in accounting qualifications; certified public accountants, chartered accountants, or an equivalent professional accounting qualification. (10 pts)	
2.4	Good knowledge of the United Nations system and the development sector, human rights-based approach to programming, gender equality, equity approach, programming and analysis (5 pts)	
3	Proposed Methodology and Approach	30

3.1	Quality of the proposed methodology, detailed timeline, consultations, data collection, analysis methods and presentation. The proposal should include detailed approaches based on the TOR requirements. (20 pts)	
3.2	Assessment of key considerations relevant to the task, ethical concerns, potential risks and threats, and proposed mitigation plans (10 pts)	
	Total Technical Score	70


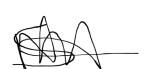


Only Proposers obtaining a minimum of 49 points in Technical Criteria evaluation will be considered for the Financial Evaluation.

Commercial evaluation:

The price/cost of each of the technically compliant proposals shall be considered only after evaluation of the above technical criteria. A maximum 30 point assigned to the financial proposal will be allocated to the lowest financial proposal. All other price proposals will receive scores in inverse proportion according to the following formula:

Score for price proposal A = (Maximum score for price proposal * Price of lowest priced proposal)/Price of proposal A.

As a result of the financial evaluation, the points of each proposal will be taken into further consideration in the final evaluation.

SIGNATURES			
Prepared by  Rana Jabari Implementing Partnership Management Officer Date:.....	Cleared by  Silindiwe Munhenga Operations Manager Date:.....	*Approved by  Firas Haddadin Contract Specialist Date:.....	*Approved by  Majed Altwal Dep. Rep. Operations Date:.....