

ANNEX B

TERMS OF REFERENCE

Summary

Title	Spot Checks LTA
Purpose	Review utilisation of cash transfers to Implementing Partners (IPs)
Location	All the 10 Provinces
Duration	2 years with possibility of extension up to 5 years
Estimated Start Date	01 March 2022
Reporting to	Chief – Planning, Monitoring & Evaluation (PME)
Budget Code/Grant	To be Confirmed
Project and activity codes	To be Confirmed

Background

UNICEF is committed, in partnership with United Nations agencies, bilateral and multilateral donors and civil society to work together with the Government of Zimbabwe and communities to improve the situation of women and children in Zimbabwe.

Pursuant to resolution 56/201 of the General Assembly of the United Nations, UNDP, UNICEF and UNFPA adopted a common operational framework for transferring cash to government and non-government Implementing Partners- the Harmonized Approach to Cash Transfer (HACT). This harmonized process of cash transfers to partners requires an analysis of their (IPs) financial management capacity at the onset of a new programming cycle, as well as continuous verification processes to ensure proper management of resources provided by the United Nations. In this regard, regular verification spot checks are conducted to gain assurance on the proper use of resources transferred by the United Nations as well as compliance with financial management policies and good practice.

The spot check visits also inform financial management capacity building of implementing partners through the identification of weaknesses in their respective financial management systems.

Justification

The contracting of third part service providers to undertake spot checks on behalf of UNICEF Zimbabwe is necessitated by the following:

- The third-party service providers are allowed to be used for this purpose as per the provisions of the Interagency HACT Framework

- The third-party service providers bring in a certain level of expertise that may not always be available in UNICEF considering the fact that financial reviews are an area of their specialty.
- In general, considering the size of the Zimbabwe Country Programme, both in number and spread of implementing partners, the office lacks the capacity to undertake the minimum prescribed number of spot checks as per the HACT Framework.
- The spot check activities assist the office in obtaining assurance on the proper use of cash transferred to implementing partners.

Specific Tasks

The following are the procedures to be performed during the spot check.

1. Compare documentation obtained describing the IP's financial management internal controls against the most recent Micro Assessment and document any changes or inconsistencies.
2. Inquire of IP management whether there have been any changes to internal controls since the prior Micro Assessment and document any changes identified.
3. Obtain a listing of all programme-related expenditures that support the actual programme expenditures submitted by the respective implementing partner (IP) on FACE forms for the agreed-upon procedures engagement and perform the following:
 - Select a sample of expenditures using a statistical (i.e. random sampling) or non-statistical (e.g. high value or high-risk items) approach amounting to at least 50% of total expenditures for the period. At least one item should be selected from each expense category which is greater than 5% of the total expenditure for the period. Provide a detailed listing of expenditures selected as samples.
4. For each sample selection perform the following procedures:
 - Verify that sufficient 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.
 - 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 the expenditure was reflected on the face of a certified FACE form submitted to the agency.
 - Verify that the expenditure was reflected in the IP's accounting records (official book of accounts) and bank statement.
 - Verify that supporting documents are stamped 'PAID by UNICEF Funds' to ensure there is no duplicate claiming of expenditure to UNICEF and/or another funding agency.
 - Verify that the FACE form was submitted consistent with the periodicity-of-disbursement requirement in the HACT framework (two weeks).

- Verify the price paid for goods or services against United Nations agreed standard rates (if readily available) or that the said prices are reasonable relative to market rates
5. 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.
 - Document any outstanding transactions on bank reconciliations exceeding 30 days
6. Capacity building
Confirm areas of weakness identified in respective IP's financial management system and immediate interventions proposed.

Methodology

- The spot check engagement should be conducted in accordance with *International Standards on Related Services (ISRS) 4400 Engagements to perform Agreed-upon Procedures regarding Financial Information*.
- The spot check shall be conducted at the respective Implementing Partner's site
- The third-party service provider (accounting firm) shall make use of UNICEF tools for this service as follows:
 - Spot Check Template: To be used as a process guide as well as for reporting
 - Risk Rating Matrix: To be used to guide risk ratings during the spot check to ensure judgemental consistent on similar issues
 - Summary of Key Findings Template: to summarize key findings at a glance for the attention of UNICEF management while finalisation of report is underway.
- The service provider to risk rate each specified functional component of the spot check as well as determine the overall risk rating of the Implementing Partner using the prescribed methodology in the spot check template.
- The contractor will be reporting to the Chief of Programme Monitoring and Effectiveness (PME) of UNICEF through the Programme Officer - HACT.

Expected Deliverables

- a. The third-party service provider shall prepare a standard agreed-upon procedures report in accordance with the applicable standards, which includes:
- An enumeration of the agreed-upon procedures performed and a summary of corresponding factual findings;

- A statement indicating that the report is intended solely for the information and use of UNICEF;
- Listing of interventions made (Capacity Building Activities) on areas of weakness during the spot check.
- An identification of the specified parties to whom use is restricted;
- A statement that the report is not intended to be and should not be used by anyone other than the specified parties; and
- An explicit statement that the scope of agreed-upon procedures does not provide the same level of assurance as that of an audit or review.

A report template following ISRS 4400 has been included within the Annexes (D-G).

- b. The third-party service provider shall prepare a Spot Check Work plan detailing work to be performed. Refer to template provided in the annexes.
- c. Prior to the conclusion of the site visit, the service provider holds an exit meeting with the IP to discuss any initial findings. The UNICEF Office Focal Point should be invited to attend the closing meeting at their discretion.
- d. The service provider provides the draft spot check report and summary of findings/observations and recommendations to the implementing partner (IP) to provide any further clarification and management responses.
- e. The spot check report is then provided to the UNICEF Office Focal Point for review and comments before finalisation by the contractor.
- f. The final reports are to be provided in both electronic and PDF formats. The PDF will be with signatures and be shared as 2 hardcopies and also be uploaded to the electronic platform (eTools).
- g. Service provider to submit a brief statement of critical findings to UNICEF in report format within two days of the field work
- h. The contractor to provide a consolidated report summarising the findings of all implementing partners spot checked clearly highlighting the trend of observations and proposing the general recommendations to UNICEF on dealing with the identified issues.

Payment Terms

All terms and conditions will be reflected in the contract to be signed by UNICEF, and the respective audit firm. Payment will be done against the submission of deliverables and invoice. UNICEF reserves the right to withhold payment in the event that the deliverables do not meet its requirement

Reporting

The Chief – Planning, Monitoring and Evaluation in UNICEF will be overall responsible for the execution of the contract based on these terms of reference. The Programme Officer-HACT will be the focal person of the day to day coordination of the audit process.

LONG TERM AGREEMENT CONTRACTUAL PERIOD

Duration of LTA: The LTA will be valid for two (2) year from the date of signature **with possibility of extension up to 5 years**. The LTA will be reviewed within two months of its expiry date and extended or terminated based on mutual written agreement. Should this review be delayed, the LTA will be **extended up to a maximum of 3 years** under the agreed terms and conditions, unless otherwise agreed by both parties. Should either party wish to terminate the LTA, prior to the expiry date, a written notice shall be provided at least one (1) month in advance. Any extension of the LTA will be subject to an availability of funding and a satisfactory performance evaluation report.

Evaluation Criteria

Technical Proposal		Points
<p>1. OVERALL RESPONSE</p> <ul style="list-style-type: none"> - Understanding of UNICEF's needs and responsiveness to the requirements. - Understanding of scope, objectives and completeness of response. - Overall concord between RFP requirements and proposal. 	5	
<p>2. QUALITY OF TECHNICAL PROPOSAL SUBMITTED TO THE EVALUATION TEAM</p> <ul style="list-style-type: none"> - Quality of content, appearance, clarity and layout of the Technical Proposal documents with emphasis on methodology and other relevant details. 	15	
<p>3. STRATEGY, METHODOLOGY AND APPROACH</p> <ul style="list-style-type: none"> - Quality of proposed approach/ methodology. - Quality of proposed implementation plan, i.e. how the bidder will undertake each task and maintenance of project schedules. - Recognition of direct risks/peripheral issues and methods to prevent and manage risks/peripheral issues. 	15	
<p>4. PROPOSED TEAM AND PROFESSIONAL ORIENTATION</p> <ul style="list-style-type: none"> - Structure of Management Team. - Team leader: relevant experience, qualifications and position with bidder. - Team members: relevant experience of similar scope and complexity qualifications. - Professional expertise and knowledge. - Quality of local partner(s) included as sub-contractor(s), if applicable. 	15	
<p>5. Evidence-supported TECHNICAL CAPACITY and ORGANIZATIONAL EXPERIENCE</p> <ul style="list-style-type: none"> - Range and depth of experience with similar projects, contracts and clients. - Financial status of Institution. - Evidence of similar assignments undertaken in the region, Africa and elsewhere. <p>NOTE: Institutions that fail to submit relevant documentation that will enable a thorough review of the Institution in all relevant areas, do so at their own risk and will be subject to disqualification or penalty of reduced points. The assessment of the Institution will be made on the basis of documents submitted for review in the Proposal.</p>	20	
<p>TOTAL TECHNICAL PROPOSAL</p> <p><i>Technical Proposal (s) scoring 70 % (=Score of 49 out of 70) or more following Technical Proposal Evaluation will be listed and included for review and Evaluation on The Financial Offer</i></p>	70	
Financial Proposal		
<p>6. FINANCIAL</p> <p>Assessment/review will include:</p> <ul style="list-style-type: none"> - Overall Price. - Cost benefit comparison related to number and quality of personnel in the Proposal who will conduct the spot check or verifications (financial assessments). - Completeness of the Financial Proposal (ensure that all costs, including professional fees, costs of travel, salaries, insurance, etc. are included in the price offered). - Payment terms/schedule of payment proposed. - Timeline proposed. - Period of validity of Proposal. <p>NOTE: As the most financially attractive offers will be at an advantage, if the Institution can offer any discounts or options, they should be clearly marked in the financial proposal to facilitate the comparison.</p>	30	

Expected background and Experience

1. The audit firm team- which must have a designated leader- should possess the following competencies/qualities 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.

2. Service provider staff is to 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.

Other Considerations

- The number and profile of the consulting team members will be proposed by the proposers in order that the team size, experience, qualifications, references, mix and complementarity of expertise, availability and level of effort is convincing that the proposed objectives of the consultancy can be met.
- The number of persons and the level of effort of the respective senior, intermediate level and junior experts should be appropriate and ensure a high quality and timely process;
- A strong commitment to delivering timely and high-quality results--i.e. evidence of similar work—is highly desirable;

General Conditions:

Duration of the LTA

The duration of the long-term agreement (LTA) is two years for the spot check (verifications) and capacity development [with possibility of extension up to 5 years](#). The LTA will be established on a fixed result-based price and contracts will be established for the specific number of spot checks required by the agency within the two-year period.

In respect of the competitive bidding process, proposals of Firms will be presented in the format that will be detailed separately including technical proposal and financial proposal. UNICEF's procedures will be applied to the bidding process.

Items to be provided to the third-party service provider in advance of starting fieldwork

UNICEF will provide the following documentation in advance of starting fieldwork:

- Programme Specific Information
- WP and any progress reports submitted during the year;
- A list of individual transactions (i.e. IP's accounting records) from the IP which lists and summarize the disbursements and FACE forms submitted during the period selected for assessment; and
- A list of findings of the Micro Assessment of the IP, reports of relevant field monitoring visits, available audits reports and other documentation that may help to understand the IP's internal controls and supported activities.

The third-party service provider should review the information received and provide the IP with a document request listing in advance of any site visits to ensure efficiency.

- The HACT Office will also organize an inception meeting between the contractor and the respective UNICEF Programme Sections to facilitate the sharing of programme information and expectations.