

## **Request for Proposal (RFP)**

**Reference No: AUAF-RFP-20-006**

Issue Date: 15 November, 2020

Deadline: 26 November, 2020

### **Project**

External Audit of the Preparing for Peace Project

**Only electronic proposals will be accepted through email to [tender@auaf.edu.af](mailto:tender@auaf.edu.af) from 8:00 am to 5:00 pm on 26<sup>th</sup> November, 2020.**

**You can send your questions no later than 10:00 AM Kabul time 24<sup>th</sup> November, 2020 through email to [mshahid@auaf.edu.af](mailto:mshahid@auaf.edu.af) and CC [beghanim@auaf.edu.af](mailto:beghanim@auaf.edu.af). Failing to do so will result in no response.**

The American University of Afghanistan  
Darulaman Road,  
District 6, Kabul, Afghanistan

## **1. Background**

The American University of Afghanistan (AUAF) is Afghanistan's only private, not-for-profit, institution of higher education, offering internationally-supported degree programs and education who are partnering with the Institute of War and Peace Studies (IWPS), on a short term project sponsored by the Swedish International Development Cooperation Agency (Sida).

## **2. Project Summary**

The project is led by a combined team of managers and experts from both organizations. It consists of Afghans and international experts in public administration, human rights law and peace and conflict studies. With the aim of carrying an external financial audit of the project, an audit company is required to perform this task.

AUAF & IWPS are seeking qualified national and international companies who specialize in the area of audit to submit proposals for this small project. All interested companies who have similar experience and qualification in the field of audit are invited to submit electronic proposals in accordance with the proposal submission guidelines contained within this document.

## **3. Government Withholding Tax**

Pursuant to Article 72 in the Afghanistan Tax Law effective March 21, 2009, AUAF is required to withhold "contractor" taxes from the gross amounts payable to all Afghan/International for-profit subcontractors/vendors. In accordance with this requirement, AUAF shall withhold two percent (2%) tax from all gross invoices to Afghan subcontractors/vendors under this Agreement with active AISA or Ministry of Commerce license. For subcontractors/vendors without active AISA or Ministry of Commerce license, AUAF shall withhold seven percent (7%) "Contractor" taxes per current Afghanistan Tax Law.

Before the signing of this Agreement, the subcontractor/vendor will provide a copy of the organization's AISA or Ministry of Commerce license and TIN (Tax Identification Number). Amounts deducted from the invoices will be forwarded to the Ministry of Finance (MOF) Tax Division credited to the firm's TIN. Records of payments to the MOF shall be maintained on file with AUAF.

## **4. Penalty Charges**

If the Contactor fails to provide the specified services in the scope of service, AUAF & IWPS shall, without prejudice to its other remedies under the contract price, as liquidated damages, deduct a sum equivalent to five percent (5%) of the contract total for the undelivered service required by AUAF & IWPS until actual delivery, up to a maximum deduction of Ten Percent (10%) of the Contract value.

## **5. Eligibility for Fund**

AUAF shall not award a contract/subcontract to any firm or firms' principals who are debarred, suspended, or otherwise considered ineligible by U.S. and Swedish Government.

Terrorism Executive Order 13224

The Contractor must agree and certify to take all necessary actions to comply with Executive Order No. 13224 on Terrorist Financing; blocking and prohibiting transactions with persons who commit, threaten to commit, or support terrorism.

E.O. 13224 is available at:

<https://ustreas.gov/offices/enforcement/ofac/programs/terror/terror.pdf>. The attachment does not include 'Names of Those Designated' after 23 September 2001; therefore, Contractors are required to obtain the updated list at the time of procurement of goods or services. The updated list is available at: <http://www.treas.gov/offices/enforcement/ofac/sdn/>. Additional restricted party screening may also be performed through the Excluded Parties List System, which is available online at the following address: <https://www.epls.gov/>. AUAF will search against the company, President, and Vice President' names in the System for Award Management (SAM), Consolidated United Nations Security Council Sanctions List, and in the Office of Foreign Assets Control (OFAC), to verify whether they have not been debarred, excluded or suspended from Federal Government Procurement.

## **6. Sub-contracting**

In the event the Contractor requires the services of subcontractors, the Contractor shall obtain prior written approval of AUAF for all such subcontractors. The approval of AUAF shall not relieve the Subcontractor of any of obligations under the anticipated Subcontract, and the terms of any Subcontract shall be subject to and in conformity with the provisions of the anticipated contract.

## **7. Source, Origin and Nationality**

The vendor may not supply any goods or services manufactured in or shipped from the following countries: Cuba, Iraq, Iran, Laos, Libya, North Korea, or Syria.

## **8. Inspection**

AUAF & IWPS shall have reasonable time to inspect the service and to reject acceptance in not conforming to the Scope of Service of this Contract.

## **9. Statement of Work/Specification**

All companies submitting their Proposals should be from among the major national or international specialized audit companies with experience of auditing USAID and Sida funded projects.

### **Objectives and general statement of work for the audit of the “Preparing for Peace” project implemented by AUAF & IWPS**

#### **I. Background**

The American University of Afghanistan (AUAF) and The Institute for War and Peace Studies has implemented the project “Preparing for Peace” between April 2020 and December 2020. A unique high impact multi-faceted project to prepare the environment for a transition to peace, which involves developing indicators and a framework for peace. The total grant is 5,143,196 Swedish Korona that converts to \$588,215 US dollars (according to [oanda.com](http://oanda.com)'s as of 9<sup>th</sup> November, 2020 which requires to be audited and all interested audit companies should be able

to release the final audit report no later than 15<sup>th</sup> January, 2021 and the timeline for the activities should be from 20<sup>th</sup> December, 2020 to 15<sup>th</sup> January, 2020.

## **II. Title**

Audit (external) of the “Preparing for Peace” Project.

## **III. Audit Objectives and Scope**

Based on the donor’s recommendation, AUAF will contract an internationally certified audit company to perform an audit of the project. The objective is to audit the project for the period 1<sup>st</sup> April, 2020 to 17<sup>th</sup> December, 2020 as submitted to the donor and to express an audit opinion according to ISA 800/805 on whether the financial reporting and project activities of Preparing for Peace was in accordance with Sida's requirements for financial reporting as stipulated in the agreement including appendix between Sida and other partners.

**Additional assignment; according to agreed upon procedures ISRS 4400, review the following areas in accordance with the terms of reference below:**

Mandatory assignments that must be included:

1. Follow up whether salary costs debited to the project/program were recorded throughout the duration of the project in a systemized way and examine whether the salary costs can be verified by sufficient supporting documents.
2. Examine whether the financial reports include a comparison, for every budget item, between the actual costs/expenditures of activities and the budgeted costs/expenditures as approved by Sida for the period.
3. Based on materiality and risk, the auditor shall examine whether there is supporting documentation related to incurred costs. Regardless of materiality of the findings, the auditor shall quantify the amount for costs lacking sufficient supporting documentation.
4. Examine whether foreign exchange gains/losses are disclosed as a separate item in the financial reports as well as disclosed in accordance with what is stipulated in the agreement including appendices and generally accepted accounting principles.
5. The cooperation partner's compliance with the applicable tax legislation with regard to taxes (e.g. PAYE)<sup>1</sup> and social security fees.
6. Follow up whether the cooperation partner has adhered to the procurement guidelines annexed or referred to in the agreement.
7. Review if outgoing balances for previous periods equates to the incoming balance for the next period.
8. If the cooperation partner applies modified cash basis as the accounting principle, the auditor shall describe used method and describe possible effects on the accrual accounting within the project.
9. Verify the unspent balance at the end of the project against accounting records and its supporting documentation.
10. Verify the unspent balance that shall be repaid to Sida in the final report of the last agreement reporting period. (Only applicable in the final report of the last agreement reporting period)

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<sup>1</sup> Pay As You Earn

## **Follow up of funds that are channeled to implementing partners**

1. Review whether the Cooperation partner have signed agreements with its implementing partner organizations
2. Review whether the audit requirements in agreements with partner organizations are in accordance with the audit requirement as stipulated in organization's agreement with Sida.
3. Review whether there is an unbroken chain of audited financial reports according to the requirements as stipulated in the agreement between the cooperation partner and Sida, for funds disbursed. The review shall include whether the cooperation partner makes documented assessments of the audited financial reports submitted to the cooperation partner and whether these reports are followed-up by the cooperation partner. The review shall include verification of contributions equivalent of a minimum of 90 % of the total of disbursed funds as well as 100 % of the number of contributions. The review shall also include any observations from auditors that Sida should be informed about.
4. Review whether the same requirements for reporting exchange rate gains and exchange rate losses as stipulated in the agreement between the Cooperation partner and Sida is included in the agreements between the Cooperation partner and its implementing partner organizations.

## **Reporting**

Any reports shall be signed by the responsible auditor (not just the audit firm) and shall include the title of the responsible auditor.

The reporting from the auditor shall include an independent auditor's report in accordance with the format in standard ISA 800/805 and the auditor's opinion shall be clearly stated. The independent auditor's report shall clearly stipulate that the audit has been conducted in accordance with ISA 800/805. The reporting shall also include a Management letter that discloses all audit findings (significant and other findings), as well as weaknesses identified during the audit process. The financial report that has been the subject of the audit shall be attached to the audit report. The auditor shall make recommendations to address the identified findings and weaknesses. The recommendations shall be presented in priority order.

If the auditor assesses that no findings or weaknesses have been identified during the audit that would result in a Management Letter, an explanation of this assessment must be disclosed in the audit report.

Measures taken by the organization to address weaknesses identified in previous audits shall also be presented in the Management Letter.

The additional assignment according to agreed upon procedures ISRS 4400 under section II, shall be reported separately in a "Report of factual findings". The size of the sample of reviewed audit reporting shall be stated in the report.

## **10. Evaluation Process**

The proposals will be evaluated in terms of fairness and best value to AUAF considering both technical and cost factors. AUAF will use the Trade-Off Process Method as per AUAF Procurement Manual.

AUAF may reject all of the proposals submitted for good cause. AUAF may negotiate price or service provided in terms with one or more of the bidders if it feels that negotiations would improve the chances that AUAF receives a better quotation.

**Technical Proposal Factors for award:**

S. No.	Parameter	Score
1.0	A minimum of 5 years of experience in conducting audit services to International NGOs, Sida, or Embassies with a proven record, and AUAF experience will be preferred.	50
2.0	Key Personnel Resumes with a minimum of 3 years of work experience in auditing services of each individual who will complete the audit work of the project.	30
3.0	Ability to issue the final audit report no later than 15 <sup>th</sup> January 2021 after signing the contract.	20
<b>Total</b>		<b>100</b>

**RFP Terms & Conditions:**

Please read carefully all terms and conditions of RFP before you bid.

Administrative Requirements	Valid Business License issued by Afghan Government <b>Note: Proposals without valid business license may be disqualified or will be decided by the technical committee members.</b>
Payment Terms	Net 45 days after the receipt of the proper invoice and satisfactory service.
Validity of Proposal	90 days
Completeness of Proposal.	<input type="checkbox"/> Partial bids allowed <input checked="" type="checkbox"/> Partial bids not allowed
Delivery Point for Proposals:	Attn: Procurement Department Email: <a href="mailto:tender@auaf.edu.af">tender@auaf.edu.af</a>
Withholding Tax.	As per Afghan tax withholding law
Submission Deadline Requirement:	Bids/Proposals received after the due date will not be considered further.

## 11. Negotiations

Best offer proposals will be requested. It is anticipated that a contract will be awarded solely on the basis of the original offers received. However, AUAF reserves the right to conduct discussions, negotiations and/or request clarifications prior to awarding a Contract. Furthermore, AUAF reserves the right to conduct a competitive range and to limit the number of offerors in the competitive range to permit an efficient evaluation environment among the most highly-rated proposals. Highest-rated offerors, as determined by the technical evaluation committee, may be asked to submit their best prices or technical responses during a competitive range. At the sole discretion of AUAF, offeror may be requested to conduct oral presentations. If deemed an opportunity, AUAF reserves the right to make separate awards per component or to make no award at all.

## 12. Proposal Submission Guidelines

The proposal shall be consisted of the following:

Bids should be submitted in two separate files, one Technical Proposal and Financial Proposal in soft copies to the below email address from 8:00 am to 5:00 pm on 26<sup>th</sup> November, 2020 clearly mentioning the RFP number (AUAF-RFP-20-006) in the subject line to the Email: [tender@auaf.edu.af](mailto:tender@auaf.edu.af).

**Note: Please clearly name the file/folder separately “Technical Proposal” and “Financial Proposal” so that we can easily identify the technical and financial proposals.**

## 13. Others

AUAF & IWPS as not-for-profit institutions expect to be charged no more than standard humanitarian agency rates. AUAF & IWPS will not pay any of the bidders’ cost of preparing their proposals under this RFP.

## 14. Required Proposal Documents:

The offerors cover letter shall include the following information:

- i. Name of the company or organization
- ii. Type of company or organization
- iii. Address
- iv. Telephone
- v. Fax
- vi. E-mail
- vii. Full names of members of the Board of Directors and Legal Representative (as appropriate)
- viii. Taxpayer Identification Number
- ix. Official bank account information
- x. Other required documents that shall be included as attachments to the cover letter:
  - a) Copy of registration or incorporation in the public registry, or equivalent document from the government office where the offeror is registered.
  - b) Copy of company tax registration, or equivalent document.
  - c) Copy of trade license, or equivalent document.

- d) Evidence of Responsibility Statement, whereby the offeror certifies that it has sufficient financial, technical, and managerial resources to complete the activity described in the scope of work, or the ability to obtain such resources.

A sample cover letter is provided below.

#### I. Technical Proposal:

The sections of the technical proposal stated above must respond to the detailed information set out in Section 9 “Statement of Works” and Section 10 “Evaluation and Basis for Award” of this RFP, which provides the understanding of the scope of services and requirement, past performance experience, technical and qualified personnel etc.

#### II. Financial Proposal:

The financial proposal is used to determine which proposals represent the best value and serves as a basis of negotiation before award of a contract.

The price of the subcontract to be awarded will be an all-inclusive fixed price. No profit, fees, taxes, or additional costs can be added after award. Nevertheless, for the purpose of the proposal, offerors must include their detailed budget line items, e.g. materials, equipment, site planning, works, workmanships, salaries, allowances, travel costs, other direct costs, indirect rates, etc., as well as individual line items, e.g. salaries or rates for individuals, different types of allowances, rent, utilities, insurance, etc. Offers must show unit prices, quantities, and total price. All items, services, etc. must be clearly labeled and included in the total offered price. All cost information must be expressed in US Dollars.

The cost proposal shall also include a budget narrative that explains the basis for the estimate of every cost element or line item. Supporting information must be provided in sufficient detail to allow for a complete analysis of each cost element or line item. AUAF & IWPS reserves the right to request additional cost information if the evaluation committee has concerns of the reasonableness, realism, or completeness of an offeror’s proposed cost.

If it is an offeror’s regular practice to budget indirect rates, e.g. overhead, fringe, G&A, administrative, or other rate, Offerors must explain the rates and the rates’ base of application in the budget narrative. AUAF & IWPS reserves the right to request additional information to substantiate an Offeror’s indirect rates.

Under no circumstances may cost information be included in the technical proposal. No cost information or any prices, whether for deliverables or line items, may be included in the technical proposal. Cost information must only be shown in the cost proposal (Financial Proposal).



**15. Cover Letter**

[Offeror: Insert date]

[Insert name of point of contact for RFP]  
[Insert designation of point of contact for RFP]  
[Insert project name]  
[Insert project office address]

Reference: Request for Proposals [Insert RFP name and number]

Subject: [Offeror: Insert name of your organization]'s technical and cost proposals

Dear Mr./Mrs. [Insert name of point of contact for RFP]:

[Offeror: Insert name of your organization] is pleased to submit its proposal in regard to the above- referenced request for proposals. For this purpose, we are pleased to provide the information furnished below:

Name of Organization's Representative \_\_\_\_\_  
Name of Offeror: \_\_\_\_\_  
Type of Organization: \_\_\_\_\_  
Taxpayer Identification Number \_\_\_\_\_  
Address: \_\_\_\_\_  
Address: \_\_\_\_\_  
Telephone: \_\_\_\_\_  
Fax: \_\_\_\_\_  
E-mail: \_\_\_\_\_

As required by section I, I.7, we confirm that our proposal, including the cost proposal will remain valid for [insert number of days, usually 60 or 90] calendar days after the proposal deadline.

We are further pleased to provide the following annexes containing the information requested in the RFP:

[Offerors: It is incumbent on each offeror to clearly review the RFP and its requirements. It is each offeror's responsibility to identify all required annexes and include them]

- I. Copy of registration or incorporation in the public registry, or equivalent document from the government office where the offeror is registered.
- II. Copy of company tax registration, or equivalent document.
- III. Copy of trade license, or equivalent document.
- IV. Evidence of Responsibility Statement.

Sincerely yours,

\_\_\_\_\_  
Signature  
[Offeror: Insert name of your organization's representative]  
[Offeror: Insert name of your organization]

**16. APPENDIX A**

**COMPANY'S BUSINESS LICENSE**

**Please Attach**

**17. APPENDIX B**

**SUMMARY OF RELEVANT CAPABILITY, EXPERIENCE AND PAST PERFORMANCE**

Include projects that best illustrate your experience relevant to this (RFP) or similar activities, sorted by decreasing order of completion date.

Projects should have been undertaken in the past three years (i.e. 2017, 2018 and 2019).

<b>No</b>	<b>Project Title and Description of Activities</b>	<b>Location Province/District</b>	<b>Client Name/Email/Tel #</b>	<b>Cost in US\$</b>	<b>Start Dates</b>	<b>End Dates</b>	<b>Completed on Schedule (Yes/No)</b>	<b>Subcontractor or Prime Contractor?</b>
1								
2								
3								