

Request for Proposals

Subject: Request for Proposal (RFP) for Due Diligence/Afghan Red Crescent (ARCS) Needs Assessment

Organization: Norwegian Red Cross

Date of Issue: September 13, 2023

Submission Deadline: September 28, 2023

Norwegian Red Cross – Afghanistan Country Office is pleased to announce an open request for proposals for the procurement of the below Services:

- Due Diligence /Needs assessment conducted at the Afghanistan Red Crescent Society (ARCS)

In reference to that, the Norwegian Red Cross requests **all eligible and interested Audit Firms with relevant work experience** to participate in the procurement.

All mentioned companies are invited to refer to the **Terms of Reference attached to this announcement**, for the most detailed work and required information.

SUBMISSION

The interested audit firm should submit their Technical and Financial proposals in Hard Copy, with a sealed cover, clearly mentioning **“Due Diligence /Needs assessment Proposal FD - ARCS.”**

Submission date and time: September 28, 2023, till 14:00 PM. Offers received after the above-mentioned deadline shall not be considered.

Submission Address:

Address: PD5, Qargha Road, ARCS Compound, 3rd Floor, Norwegian Red Cross Office

Phone: Masood Ahmad Qayoom: 0702033393, Abdullah Fahimi: 0702033392 (Official Time: Sunday to Thursday 08:00 to 03:30)



Terms of Reference (TOR)

Background

In relevance to the Finance Development project planned to be initiated at Afghanistan Red Crescent Society and in the aim of promoting results-oriented decision making and deliverables based services at the host national society, a Due Diligence /Needs assessment of the Finance Department conducted at the Afghanistan Red Crescent Society is to be implemented according to this Terms of Reference.

The initiated Finance Development Project aims at building the finance management capabilities of the national society (Afghanistan Red Crescent Society) through providing the required technical support based on the results of the needs assessment which will shape the next phase of the project lifecycle (projecting the Needs Assessment to a Project Plan with deliverables based plan of action that are usually picked from Norwegian Red Cross standard service menu. Such deliverables fall under the following NorCross four standard project outcomes:

1. Improved financial management with the design of the intervention following a needs assessment at the HQ and select branches.
2. Improved accountability, transparency & governance in National Society.
3. Improve efficiency and effectiveness of Internal Controls within the National Society (Including policies, manuals, and processes).
4. Increased efficiency, reliability, and relevance of financial reporting and departmental structure within the National Society.

Needs Assessment Objectives

The assessment is expected to provide comprehensive analysis and recommendations on the below areas categorized according to 5 criteria: relevance, effectiveness, efficiency, impact, and sustainability. The consultant, guided by the information being received from the key stakeholders, can expand beyond the questions raised in this TOR.

The overall objectives of the due diligence are to assess the proficiency of financial management within a national society by examining the following:

1. To assess the commitment of the National Society (governance, management, branch) in working in an accountable and transparent manner in reinforcing its financial management capacities
2. To conduct a general assessment of the National Society Finance Development situation at the National Head Quarter level.
3. To identify potential issues and quick fixes to the current financial management system.
4. To review financial management flows, financial schemes of delegation, and budgeting approaches at the National Society HQ.
5. To recommend what financial management and accounting processes should be established or improved (both at HQ and local level), and how financial management methodology should be further developed, including procedures/processes for resource mobilization

6. To define what the future potential FD engagement of NorCross could look like and how to articulate it with the other ongoing National Society Development support initiatives.

Methodology

'Due diligence' is a financial sector phrase, implying a careful investigation of an organization. It has been adapted in the development sector to mean a thorough analysis of key areas of an organization to identify its position and performance. In the corporate sector, the primary focus of due diligence is towards financial performance and position. In the development sector, since the gains an organization expects are social benefits to external parties, the focus is shifted towards ensuring service delivery is effective and efficient, and that there is minimum risk of fraud, corruption, errors, and redundancies. This is enabled by a more transparent and accountable environment whereby the people involved, and the processes established are put in the spotlight as much as the organization itself.

Please refer to NorCross Global Service Model Due Diligence and Needs Assessments methodology annexed to this ToR, and which is considered an integral part of it.

Deliverables

NorCross expects the following deliverables from the evaluator(s) in accordance with the timetable proposed in the inception report and the final deadline listed in this ToR.

- 1) Report on Structural Analysis assessment that shall conclude on:
 - Overall organogram of the National Society and the departmental organogram of the National Society Finance Department, including linkages with other internal departments and external parties such as PNSs and donors; an analysis shall be presented on the deemed appropriateness of this structure
 - Analysis of objectives vs. set TORs / JDs, showing any misalignments noted
 - Analysis of experience, qualification, and competence, in comparison to individual TORs / JDs
 - Risks identified from the procedures applied and proposed mitigating actions
 - Recommendations to changes in governance to finance department linkages, finance department structure, board TORs, and finance staff JDs
 - Overall risk rating of the report based on assessment performed.
- 2) The report on business process mapping shall provide:
 - 'As is' process maps of each process mapped, along with a table of steps and a control risk assessment
 - Summaries of internal control design effectiveness in the various business cycles of the organization
 - Recommendations to process maps in the form of 'Should be' process maps
 - Overall risk rating of the report based on assessment performed.
- 3) The report on internal controls shall:
 - Provide a summary and a detailed baseline of the internal controls of the National Society, mapped to the five components of internal controls defined in COSO's framework
 - Consolidate issues identified in the assessment of the governance and finance department, the business process mapping, and the due diligence tool to provide a single comprehensive list of observations made, priority areas, and potential activities for the National Society to undertake to enhance financial management and internal controls.
 - Overall risk rating of the report based on assessment performed.

- 4) Complete and finalize the Accounting Practises Checklist
- 5) Complete and finalize the Finance Manual Content Checklist
- 6) Complete and finalize the Management Letter Checklist
- 7) Complete and finalize Procurement Manual Content Checklist
- 8) Complete and finalize HR Manual Content Checklist
- 9) Complete and finalize IFRS Compliance Checklist
- 10) Complete and finalize IT Control Checklist
- 11) Complete and finalize Staff Assessment Questionnaire for finance department staff members
- 12) Complete and finalize Finance Department Skills Assessment Questionnaire
- 13) Complete and finalize Governance Skills Assessment Questionnaire
- 14) Complete and finalize Fraud and Corruption Policy Content Checklist
- 15) Complete and finalized Whistle Blower Policy Content Checklist
- 16) Complete and finalize Assessment of enforcement of Finance department staff TORs
- 17) Complete and finalized List of Observations
- 18) Complete and finalize the proposal for the Plan of Action, in collaboration with the National Society, using NorCross Service Menu tool integrated in NorCross PoA template and based on the needs assessment results and list of observations.

Use of reports

The delivered reports are for the use of the National Society alone. The National Society may forward the reports as is to other Partner National Societies upon written consent of the NorCross.

Timeframe

The assessment timeline is expected to be kicked off on **08th Oct 2023** and concluded on **30th of December 2023** by submitting the final deliverables requested above.

Assessment quality and ethical standards

The consultant should take all reasonable steps to ensure that the assessment is designed and conducted to respect and protect the rights and welfare of people and the communities of which they are members, and to ensure that the assessment is technically accurate, reliable, and legitimate, conducted in a transparent and impartial manner, and contributes to organizational learning and accountability. Therefore, the assessment team should adhere to the evaluation standards and specific, applicable processes outlined in the [IFRC Framework for Evaluation](#). The **IFRC Evaluation Standards** are:

- 1- **Utility:** Evaluations must be useful and used.
- 2- **Feasibility:** Evaluations must be realistic, diplomatic, and managed in a sensible, cost effective manner.
- 3- **Ethics & Legality:** Evaluations must be conducted in an ethical and legal manner, with particular regard for the welfare of those involved in and affected by the evaluation.
- 4- **Impartiality & Independence;** Evaluations should be impartial, providing a comprehensive and unbiased assessment that takes into account the views of all stakeholders.
- 5- **Transparency:** Evaluation activities should reflect an attitude of openness and transparency.

- 6- **Accuracy:** Evaluations should be technical accurate, providing sufficient information about the data collection, analysis, and interpretation methods so that its worth or merit can be determined.
- 7- **Participation:** Stakeholders should be consulted and meaningfully involved in the evaluation process when feasible and appropriate.
- 8- **Collaboration:** Collaboration between key operating partners in the evaluation process improves the legitimacy and utility of the evaluation.

It is also expected that the assessment will respect the seven **Fundamental Principles of the Red Cross and Red Crescent:** 1) humanity, 2) impartiality, 3) neutrality, 4) independence, 5) voluntary service, 6) unity, and 7) universality. Further information can be obtained about these principles at: www.ifrc.org/what/values/principles/index.asp

Evaluator(s) qualifications

To be eligible to respond to the Request for Proposal (RFP), the proposer must demonstrate sufficient capacity, resources and experience to cover the scope of work. Any proposer that fails to meet all the requirements will not be evaluated.

The composition and make-up of the team needs to take cognizance of the expected deliverables and have sufficient professional and technical expertise including knowledge of the financial, legal, technical and risk elements that need to be covered. There must also be a general awareness of the existing institutional and policy environment that frames the context within which humanitarian response organizations work.

At a minimum, the consultant/firm should:

- i) Have experience in previous assessments /evaluations, especially those related to organizational change and institutional development.
- ii) Include a team leader/member, possessing a CPA/ACCA or equivalent finance/accounting qualification with a minimum of ten years working experience in developing financial systems for organizations working in the humanitarian/development sector. Red Cross Red Crescent experience will be an added advantage.
- iii) Proof of experience providing similar services with organizations similar to Afghanistan Red Crescent Society .
- iv) A minimum of at least three references of clients to which they have provided similar services within the last five (5) years.
- v) A core team made up of experts in the areas of: Accounting, financial management, budgeting, donor reporting, internal controls, audit and institutional development.
- vi) Team members who are fluent in English and native language

Conflict of Interest

All firms/consultants should identify any Conflict of Interest or Independence matters and how these will be addressed. Conflicts of Interest can arise in the following circumstances:

- In the case where the firm is a statutory auditor of ARCS; and
- In the case where the firm is a statutory auditor of a major partner/donor of ARCS.

CRITERIA FOR SELECTION

The criteria for evaluation of proposals and selection of the successful respondent for this award will be based on the factors listed below:

| | | CRITERIA FOR SELECTION | POINTS |
|---|----|--|---------------|
| Administrative Evaluation and Specific Experience of Consultants | 1 | Existence of proof that the business has been registered, The organization should be a legally registered firm with no less than three years in audit or evaluation implementation. Provide the following: 1. Copy of registration, | 30 |
| | 2 | Experience in Similar Projects, Provide evidence of having successfully carried out similar assignments to demonstrate expertise and functionality in the required fields. 1. Attach completion certificates for similar projects or assignments. 2. Provide contact details of your clients | |
| | 3 | Size, Organization and Management. The consultants have capacity to carry out assignment. Provide the following: 1. Describe the size of the consultancy company. 2. Provide an Organogram if available. | |
| | 4 | Quality Management, describe the availability of an established Quality management system for this type of assignment. | |
| Adequacy of Proposed Methodology and Work Plan | 5 | Technical approach and methodology. 1. Briefly and concisely explain how all the “KEY DELIVERABLES AND SCOPE OF THE ASSIGNMENT” detailed in the Terms of Reference will be achieved. 2. Demonstrate in your proposal the ability to meet the functional and technical requirements to deliver the stated milestones and deliverables efficiently and in a timely manner. | 30 |
| | 6 | Work plan/plan of action and Timeliness of Output. Demonstrate a concise plan of action and timeline for executing the project deliverables within three months. | |
| | 7 | Completeness and responsiveness. Does the proposal respond in an exhaustive manner to all the requirement of TOR? | |
| | 8 | Clarity of proposal. Are the various points coherent and decision points well defined? | |
| | 9 | Flexibility and Adaptability. Demonstrate the ability to provide continuous remote and prompt support in cases of any issues related to the application of the needs assessment / due diligence. Demonstrate that the work plan is flexible and easy to adapt to change that might occur during implementation. | |
| Qualification and Competence of Proposed Key Staff | 10 | General Qualification of key staff for assignments. 1. Provide the (CV's) curriculum vitae of proposed consultants. 2. CVs should have the number of years of professional experience relevant to audit or similar fields. 3. Describe if the consultant is a permanent or temporary consultant. 4. Please confirm if the company is using subcontractors. | 40 |
| | 11 | Global and Regional Experience. In assignments carried out in countries with a similar culture to Afghanistan, administrative systems are an asset. Specify the presence of the company/consultants inside Afghanistan to be based at the ARCS office in order to work on the methodology elaborated in this ToR. The assignment will be conducted in English and native language; however, the deliverables should be submitted in English. | |
| | | Total | 100 |

