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REQUEST FOR PROPOSAL**For Conducting Annual External Audit of DACAAR,
NMFA and DANIDA Projects Year 2023****Date: November 01, 2023****DACAAR RFP 01 PRF-748/0000/FIND/10.2023**

دفتر مرکزی
ګولایي وزیر آباد
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کابل، افغانستان
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DACAAR invites interested audit firms to submit their sealed proposals for conducting Annual External Audit of DACAAR, NMFA and DANIDA Projects Year 2023, details are given below:

The deadline for offer/proposal submission is November 12, 2023 before 04:00pm local time.

The Bid Opening Session will be held on November 14, 2023 at 10:00am in DACAAR Main Office, Kabul Province - Afghanistan and the bid winner will be notified after the bid opening session.

OBJECTIVE

DACAAR seeks an internationally reputed external audit service for conducting the annual audit of its financial statements and some of its projects in accordance with the statutory requirements, International Financial Reporting Standards and International Standards on Auditing (ISA). DACAAR invites your firm to submit technical and financial proposals for this purpose. The objective of the audit is to enable the auditors to express an opinion on the financial position and performance for the year 2023 and specific donor financial reports sent by DACAAR.

GENERAL

DACAAR hereby solicits Proposals in response to this Request for Proposal (RFP). Proposers must strictly adhere to all the requirements of this RFP. No changes, substitutions or other alterations to the rules and provisions stipulated in this RFP may be made or assumed unless it is instructed or approved in writing by DACAAR in the form of Supplemental Information to the RFP.

Submission of a Proposal shall be deemed as an acknowledgement by the Proposer that all obligations stipulated by this RFP will be met and, unless specified otherwise, the Proposer has read, understood and agreed to all the instructions in this RFP.

Any Proposal submitted will be regarded as an offer by the Proposer and does not constitute or imply the acceptance of any Proposal by DACAAR. DACAAR is under no obligation to award a contract to any Proposer as a result of this RFP.

DACAAR implements a policy of zero tolerance on proscribed practices, including fraud, corruption, collusion, unethical practices, and obstruction.

DACAAR's BACKGROUND

DACAAR is an apolitical, non-governmental, non-profit humanitarian organization that has been working to improve the lives of the Afghan people since 1984. DACAAR works in rural areas and aims at improving rural livelihoods through sustainable activities that engage Afghan communities to be agents of their own development process. DACAAR's interventions primarily target vulnerable groups such as returnees, internally displaced persons (IDPs) and vulnerable host communities. The main office of DACAAR is located in Kabul, with a HQ office in Copenhagen, Denmark. The Danish

Afghan Committee (DAC), Danish People Aid (DPA), Danish Trade Union Development Agency (DTDA) and International Media Support (IMS). DACAAR is registered by the Ministry of Economy of Afghanistan and is a signatory to the Code of Conduct for NGOs engaged in Humanitarian Action, Reconstruction and Development in Afghanistan. The organization consists of four main departments namely, Fundraising and Communications, Programme, Finance, and Human Resources and Administration. DACAAR employs on an average 1,000 experienced and capable staff of which the majority work in the project areas and six regional offices. DACAAR also employs 5 expatriate staff based in the main office.

Since 1984, DACAAR's activities inside Afghanistan have expanded and are now implemented, with an integrated approach through four thematic areas namely; water, sanitation and hygiene education (WASH); women's empowerment (WE); natural resource management (NRM); and small scale enterprise development (SSED). In addition, DACAAR is a Facilitating Partner of the Community Resilience and Livelihoods Project (CRLP). Over eight million Afghans across 28 of Afghanistan's 34 provinces have benefited from DACAAR's humanitarian and development activities since its establishment. DACAAR uses a participatory approach to implement activities in rural communities, thereby ensuring local ownership and sustainability.

SCOPE OF AUDIT

The audit will be conducted in accordance with International Standards on Auditing (ISAs) as published by the International Auditing and Assurance Standards Board of the International Federation of Accountants (IFAC) as a whole and with special reference to ISA 800 (Auditor's Report on Special Purpose Audit Engagements) along with relevant donor's guidelines.

To ensure that audit objectives are met at organizational/program/units/geographical level, special attention should be paid to the following:

1. Assessment of the adequacy of internal controls over funds received by DACAAR and subsequently utilized by different units of the organization.
2. Assessment of the adequacy of the system of internal controls over procurement of supplies, equipment and services, hereunder verify whether DACAAR's procedures and guidelines regarding procurement are followed
3. Verification of income and expenditure and the control of fixed assets at all levels as specified hereunder (but not limited to):
 - a) Check and/or verify the vouchers and other relevant documents.
 - b) If needed, visit outlets where commodities and/or services were obtained or delivered when carrying out any activities.
 - c) Evaluate the evidence to determine reliability and authenticity of these.
 - d) Assess the usage of the assets by going through the various records.
 - e) Check that DACAAR complies with local laws and regulations, e.g. deduction of any imposed taxes on deliveries from suppliers and that any withheld amounts are remitted to the relevant authorities on time.

4. Detect any expenditure variances by pegging the budget against the actual expenditure and extract explanation.
5. During the year, physical count of assets should be carried out including cash checks, confirmation and reconciliation of bank accounts, direct confirmation of selected accounts receivables and observation and verification of physical inventories and fixed assets where applicable. Random inspection of accounting records including detailed examination of vouchers will also be part of the audit.

CONSIDERATION WITH THE PREPARATION OF PROPOSAL

Cost:

The Proposer shall bear any and all costs related to the preparation and/or submission of the Proposal, regardless of whether its Proposal was selected or not. DACAAR shall in no case be responsible or liable for those costs, regardless of the conduct or outcome of the procurement process.

Taxes:

Please note that withhold tax is deductible for contracts valuing over 1 AFN or (equivalent in USD). This can be 2% for those with a valid business license or 7% for those without, or with invalid business license, companies/ consultancies from abroad as per the Tax laws of Afghanistan Government.

Child Labor:

DACAAR (Logistics Unit) adheres to National and International laws on child labor. DACAAR makes sure all its suppliers and vendor abide by such laws preventing child labor in all DACAAR activities countrywide.

Humanitarian Organizations:

The Humanitarian Organizations (HO) may conduct on- site visit in the contractor's premises (or may take similar measures) to ensure compliance.

DACAAR has a zero-tolerance policy on sexual exploitation, abuse and harassment, which is defined and described in the policy document "DACAAR policy on preventing and handling sexual exploitation, abuse and harassment"

Language:

The Proposal, as well as any and all related correspondence exchanged by the Proposer and DACAAR, shall be written in English language.

Proposal submission form

The Proposer shall submit the Proposal on their own format provided that information and requirements mentioned in this RFP are adequate and well organized.

Technical proposal format and content

The technical proposal shall be up to a maximum of 25 pages and shall include the following information:

Expertise of Firm – this section should provide details regarding management structure of the firm, organizational capability/resources, and experience of firm, International affiliation, the list of projects/contracts (both completed and on-going, both domestic and international) which are related or similar in nature to the requirements of the RFP, and proof of financial stability and adequacy of resources to complete the services required by the RFP.

Proposed Methodology, Approach and Implementation Plan – this section should demonstrate the Proposer’s response to the Terms of Reference by identifying the specific components proposed, how the requirements shall be addressed, as specified, point by point; providing a detailed description of the essential performance characteristics proposed; and demonstrating how the proposed methodology meets or exceeds the specifications, while ensuring appropriateness of the approach to the local conditions and the rest of the operating environment.

Management Structure and Key Personnel – This section should include the comprehensive curriculum vitae (CVs) of key personnel that will be assigned to support the implementation of the proposed methodology, clearly defining the roles and responsibilities vis-à-vis the proposed methodology. CVs should establish competence and demonstrate qualifications in areas relevant to the RFP.

Audit Standards and Procedures: Describe how firm’s procedures and methods adheres to ISA’s and local auditing standards and documentation of the whole process. A brief explanation on audit team and experience on internal procedures supervision should be included.

Financial proposal

The Financial Proposal shall list all major cost components associated with the services, and the detailed breakdown of such costs. All outputs and activities described in the Technical Proposal must be priced separately on a one-to-one correspondence. Any output and activities described in the Technical Proposal but not priced in the Financial Proposal, shall be assumed to be included in the prices of other activities or items, as well as in the final total price.

Currency:

All prices shall be quoted in US\$.

SUBMISSION AND OPENING OF PROPOSAL

Submission

The Financial Proposal and the Technical Proposal Envelopes **MUST BE COMPLETELY SEPARATE** and each of them must be submitted sealed individually and clearly marked on the outside as either “TECHNICAL PROPOSAL” or “FINANCIAL PROPOSAL”, as appropriate. Each envelope **MUST** clearly indicate the name of the Proposer. The outer envelopes shall bear the address of DACAAR as specified in the cover page and shall include the Proposer’s name and address, as well as a warning that state “not to be opened before the time and date for proposal opening” The Proposer shall assume the responsibility for the misplacement or premature opening of Proposals due to improper sealing and labeling by the Proposer.

When the Proposals are expected to be in transit for more than 24 hours, the Proposer must ensure that sufficient lead time has been provided in order to comply with DACAAR’s deadline for submission. DACAAR shall indicate for its record that the official date and time of receiving the Proposal is the actual date and time when the said Proposal has physically arrived at the DACAAR premises.

Proposers submitting Proposals by mail or by hand shall enclose the original duly marking each of the envelopes as “Original Proposal”. The original version of the Proposal shall be signed or initialed by the Proposer or person(s) duly authorized to commit the Proposer on every page.

Deadline for submission and late proposal

Proposals must be received by DACAAR at the mentioned address and no later than October 29, 2023 4:00PM. DACAAR shall not consider any Proposal that arrives after the deadline for submission of Proposals. Any Proposal received by DACAAR after the deadline for submission of Proposals shall be declared late, rejected, and returned unopened to the Proposer.

Withdrawal, substitution and modification

Proposers are expected to have sole responsibility for taking steps to carefully examine in detail the full consistency of its Proposals to the requirements of the RFP, keeping in mind that material deficiencies in providing information requested by DACAAR, or lack clarity in the description of services to be provided, may result in the rejection of the Proposal. The Proposer shall assume the responsibility regarding erroneous interpretations or conclusions made by the Proposer in the course of understanding the RFP out of the set of information furnished by DACAAR.

A Proposer may withdraw, substitute or modify its Proposal after it has been submitted by sending a written notice, duly signed by an authorized representative, and shall include a copy of the authorization. The corresponding substitution or modification of the Proposal must accompany the respective written notice. All notices must be received by DACAAR prior to the deadline for submission. The respective envelopes/emails shall be clearly marked “WITHDRAWAL,” “SUBSTITUTION,” or “MODIFICATION”.

Proposals requested to be withdrawn shall be returned unopened to the Proposers.

No Proposal may be withdrawn, substituted, or modified in the interval between the deadline for submission of Proposals and the expiration of the period of proposal validity specified by the Proposer.

Validity period

Proposals shall remain valid for a period of 90 days, commencing on the submission deadline date. A Proposal valid for a shorter period shall be immediately rejected by DACAAR and rendered non-responsive.

In exceptional circumstances, prior to the expiration of the proposal validity period, DACAAR may request Proposers to extend the period of validity of their Proposals. The request and the responses shall be made in writing, and shall be considered integral to the Proposal.

Proposal opening

DACAAR will open the Proposals in the presence of an ad-hoc committee formed by DACAAR of at least two (2) members. The Proposers’ names, modifications, withdrawals, the condition of the envelope labels/seals, the number of folders/files and all other such other details as DACAAR may consider appropriate, will be announced at the opening. No Proposal shall be rejected at the opening stage, except for late submission, for which the Proposal shall be returned unopened to the Proposer.

Confidentiality

Information relating to the examination, evaluation, and comparison of Proposals, and the recommendation of contract award, shall not be disclosed to Proposers or any other persons not officially concerned with such process, even after the contract award.

Any effort by a Proposer to influence DACAAR in the examination, evaluation and comparison of the Proposals or contract award decisions may, at DACAAR's decision, result in the rejection of its Proposal.

EVALUATION OF PROPOSALS

Preliminary evaluation

DACAAR shall examine the Proposals to determine whether they are complete with respect to minimum documentary requirements, whether the documents have been properly signed, and whether the Proposals are generally in order, among other indicators that may be used at this stage. DACAAR may reject any Proposal at this stage.

Detailed evaluation

The evaluation team shall review and evaluate the Technical Proposals on the basis of their responsiveness to the Terms of Reference and other documentation provided, applying the evaluation criteria, and point system specified in **Annex-01**. Proposal will be given a technical score. A Proposal shall be rendered non-responsive at this stage if it does not substantially respond to the RFP.

In the second stage, the Financial Proposals will be opened for evaluation for comparison and review. The Financial Proposal Envelopes corresponding to Proposals that did not meet the minimum passing technical score shall be returned to the Proposer unopened. The overall evaluation score will be based on a combination of the technical score and the financial offer.

Formula for the rating of the Proposals will be as follows:

Rating the Technical Proposal (TP):

TP Rating = (Total Score Obtained by the Offer / Max. Obtainable Score for TP) x 100

Rating the Financial Proposal (FP):

FP Rating = (Lowest Priced Offer / Price of the Offer Being Reviewed) x 100

Total Combined Score:

(TP Rating) x (Weight of TP, e.g. 70%)
+ (FP Rating) x (Weight of FP, e.g., 30%)
= Total Combined and Final Rating of the Proposal

DACAAR reserves the right to undertake a post-qualification exercise aimed at determining, to its satisfaction the validity of the information provided by the Proposer. Such post-qualification shall be fully documented and may include, but need not be limited to, all or any combination of the following:

1. Verification of accuracy, correctness and authenticity of information provided by the Proposer on the legal, technical and financial documents submitted;

2. Inquiry and reference checking with Government entities with jurisdiction on the Proposer, or any other entity that may have done business with the Proposer;
3. Inquiry and reference checking with other previous clients on the quality of performance on ongoing or previous contracts completed;
4. Other means that DACAAR may deem appropriate, at any stage within the selection process, prior to awarding the contract.

Responsiveness of Proposal

DACAAR's determination of a Proposal's responsiveness will be based on the contents of the Proposal itself. A substantially responsive Proposal is one that conforms to all the terms, conditions, TOR and other requirements of the RFP without material deviation, reservation, or omission.

If a Proposal is not substantially responsive, it may be rejected by DACAAR and may not subsequently be made responsive by the Proposer by correction of the material deviation, reservation, or omission.

AWARD OF CONTRACT

DACAAR reserves the right to accept or reject any Proposal, to render any or all of the Proposals as non-responsive, and to reject all Proposals at any time prior to award of contract, without incurring any liability, or obligation to inform the affected Proposer(s) of the grounds for DACAAR's action. Furthermore, DACAAR shall not necessarily be obliged to award the contract to the lowest price offer.

Prior to expiration of the period of proposal validity, DACAAR shall award the contract to the qualified Proposer with the highest total score based on the evaluation method indicated in this document. DACAAR also reserves the right to decide amongst any three offers.

Within five (5) working days from the date of receipt of the Contract, the successful Proposer shall sign and date the Contract/Engagement Letter and return it to DACAAR.

REPORTING & DELIVERABLES

Draft audit reports along with financial statements and management letter should be submitted within 15 days of completion of the audit executions/detailed examination. Final audit reports shall be issued within a week upon receipt of comments, if any, or confirmation from DACAAR.

The reporting in connection with audit of project accounts shall consist of audited accounts according to relevant donor guidelines and further reporting if so required in the guidelines.

The reporting in connection with the annual accounts of DACAAR shall consist of audited accounts according to statutory requirements and a management letter highlighting issues revealed during the audit and related to the scope of audit. The management letter shall be sent to management for comments and comments shall be included in the final management letter as per above time schedule.

REPORTING ON EXPENDITURE IN COPENHAGEN DENMARK

As DACAAR is based in Denmark some activities related to the overall management are carried out in Denmark. Furthermore, the statutes of DACAAR require that a consolidated account shall be presented and approved by DACAAR's Governing Board.

IN THIS REGARD, ONLY AUDITORS HAVING THEIR NETWORK/AFFILIATE'S OFFICE (S) IN COPENHAGEN DENMARK SHALL BE CONSIDERED FOR AWARD OF CONTRACT.

In connection with audit of project accounts related to grants from the Danish Government (DANIDA), the final project accounts submitted from DACAAR to the government also has to be audited by the Danish auditors (the affiliate firms). The audit will be based on the project accounts audited in Kabul, and the auditor will be required to provide supplementary information if this is considered necessary or as may deem fit within the mandate of the corresponding firms. The proposer needs to mention all these in its technical proposal and the associated costs to be incurred in Denmark shall also be included in the financial proposal.

TIME FRAME

The annual audit should begin latest two months after the end of the financial year which is December 31, and has to be completed finally before May 15 of the year.

PROVISION OF INFORMATION BY DACAAR

Auditors will be provided with DACAAR's draft annual Financial Statements consisting of:

- Statement of financial position;
- Statement of income and expenditure (Comprehensive income);
- Statement of cash flows;
- Notes to the financial statements including statement of sources and allocation of funds;

For the purpose of project audits, DACAAR will provide donor format financial reports for the contract period. Furthermore, auditors will be provided with a draft financial statement for the project consisting of:

- Statement of income and expenditure.
- Notes to the financial statement if needed.

For both types of audit, the auditors will be given access to all supporting documents, correspondence and any other documents deemed necessary for the purpose of audit.

PRIOR YEAR AUDITS

DACAAR's Financial Statements are audited till December 31, 2022. Auditors will be required to closely examine all the opening balances for the audit periods in consideration.

DELIVERABLES

The auditor will issue an audit opinion on DACAAR's overall Financial Statements and project wise audited financial reports (specific projects only). In addition to the audit opinion, the auditor will prepare a "management letter," in which the auditor will:

1. Give comments and observations on the accounting records, systems, and controls that were examined during the course of the audit;
2. Identify specific deficiencies and areas of weakness in systems and controls and make recommendation for their improvement;
3. Report on the lack of compliance of each financial covenant in the relevant financing agreement;
4. Communicate matters that have come to their attention during the audit which might have a significant impact on the operations of the organization; and
5. Include management's comments in the final management letter.

LOCATION OF AUDIT AND LENGTH OF CONTRACT

The audit will be carried out at DACAAR's Main Office, Kabul, Afghanistan. Dates regarding annual as well as project audits shall be agreed upon in the Engagement Letter subsequent to the award of contract to the selected proposer.

The audit engagement will cover DACAAR and two other projects (DANIDA and NMFA) starting from 01 Jan 2023 till ending 31st December 2023.

ANNEX 01: EVALUATION CRITERIA TO BE APPLIED

SR.	Summary of Technical Proposal Evaluation	Score Weight	Points obtainable
1.	Expertise of Firm / Organization	30%	300
2.	Proposed Methodology, Approach and Implementation Plan	40%	400
3.	Management Structure and Key Personnel	30%	300
	Total		1000

SR.	Details of Technical Proposal Evaluation	Points obtainable
Expertise of the firm/organization		
1.1	Reputation of Organization and Staff / Credibility / Reliability / Industry Standing.	50
1.2	General Organizational Capability which is likely to affect implementation - Financial stability - Affiliate/partnership firm in Denmark - age/size of the firm (min 3 years, no. of employees)	90
1.3	Quality assurance procedures	40
1.4	Relevance of: - Specialized Knowledge - Experience on Similar Programme / Projects - Experience on Projects in the Region	120
	Sub-total	300
Proposed Methodology, Approach and Implementation Plan		
2.1	To what degree does the Firm understand the task?	50
2.2	Have the important aspects of the task been addressed in sufficient detail?	100
2.3	Is the scope of task well defined and does it correspond to the RFP/TOR?	100
2.4	Is the presentation clear and is the sequence of activities and the planning logical, realistic and promise efficient implementation to the audit work to be performed?	150
	Sub-total	400
Management structure and Key personnel		
3.1	Manager in charge • Professional qualification; (60) • Professional experience in the area of specialization;(80)	140
3.2	Job incharge/Audit senior • Professional qualification; (40) • Professional experience in the area of specialization;(80)	120
3.3	Audit junior (s) • Professional qualification; (10) • Professional experience in the area of specialization;(30)	40
	Sub-total	300
	Grand Total	1000