



Request for Proposals (RfP)

**Consultancy to undertake an Independent Audit of Project Income and Statements of Expenditure:
Human Development Innovation Fund (HDIF) (DFID, PO: 6157)**

**Closing Date and Time for the RfP submission:
4 November 2016, 2:30 PM**

A. OBJECTIVE

Palladium/FGGO intends to hire services of Certified or chartered Accountants Firm to conduct an independent programme audit of the Statement of Expenditure for the UKAid funded **Tanzania Human Development Innovation Fund (HDIF)** of the period from 1 September 2015 to 31 August 2016. The audit is to be carried out in accordance with the appropriate professional standards of Auditing.

B. RECIPIENT

DFID, Palladium International Ltd, Futures Group Global Outreach Tanzania (FGGO) and **HDIF** management.

C. SCOPE OF AUDIT

The audit is being conducted to satisfy DFID and programme management that programme expenditure for the period **01/09/2015 to 31/08/2016 inclusive** has been properly incurred and invoiced in accordance with the terms and conditions of the contract and that resources have been employed appropriately in pursuit of the established programme objectives.

The audit involves obtaining evidence about the amounts and disclosures in the programme financial reports and reimbursement invoices, sufficient to give reasonable assurance that the reports and invoices are free from material inaccuracy. This includes an assessment of whether the internal controls and accounting practices are appropriate and have been consistently applied during the period.

The audit will be limited to verification of project reports used to assemble expenditure reimbursement invoices to DFID in accordance with the DFID Head Contract and associated head contract amendments. Specific focus will be to:

1. Establish that the funds have been properly expended and recorded in accordance with the terms and conditions of the contract.
2. Establish that goods and services have been procured in accordance with the guidelines included in the contract.
3. Verify that supporting documents, records and accounts have been kept in respect of programme expenditure.
4. With regards to Programme assets:
 - Verify the physical existence.
 - Establish their condition.
 - Verify they are properly recognised in programme asset register.

D. METHODOLOGY

The audit proposals should include, but not be limited to:

1. Interviews with:
 - DFID programme representatives.
 - Palladium International Programme management team.
 - HDIF Programme and financial management team.

With a view to forming an opinion on the effectiveness of the internal control system in the management of the programme.

2. Examination of the programme's financial transactions and records for the period taking into account:
 - The programme Head Contract Schedule of Prices.
 - Any other formal correspondence between DFID and Palladium International Ltd which may have effect on the focus, direction and expenditure activities of the programme.
 - Any other DFID financial management policies.

The financial records would consist of all documents relevant to the raising of reimbursement invoices from Palladium to DFID. For personnel fees this would include support by relevant timesheets and actual invoices from consultants.

3. Review all invoices for fees and reimbursable expenses by Palladium International Ltd/FGGO and confirm:
 - The basis on which invoices have been calculated.
 - Deliverables from all short and long term consultancies were properly incurred before relevant costs were charged to DFID.
 - Properly authorised time sheets are available for all consulting hours charged to DFID during the period under review.
 - Monthly fees charged to DFID are for the contractually approved productive days only.
 - Scheduled leave days are appropriately discounted from chargeable days on long term and short term consultancy fees.
4. Review sample of invoices paid for services rendered by service providers to the Programme and ascertain that services invoiced in the period under review are covered in the relevant sub-contracts.
5. Review the procurement process and procedures for a sample of short and long term consultancy contracts for the period under review and ascertain that:
 - Transparent and open systems are in place to ensure negotiations for contracts (services, works and printing) are competitive and represent value for money.
 - International tender processes were used for all service contracts above the EU threshold (Currently £100,000).
6. Review the assets register and confirm that it is up to date:
 - Assets have been fully recorded with clear identification marks.
 - The physical existence and conditions of assets.
7. Express an opinion on the fair presentation of expenditure in support of invoices raised to DFID for the entire period under review.
8. Bring to the attention of DFID any other matters that are considered pertinent.

E. EVALUATION CRITERIA

Palladium/FGGP will evaluate submitted proposals based on the following criteria:

1. Understanding of the engagement – 5%
2. Audit implementation plan – 30%
3. DFID / Donor funded Audit Experience – 10%

4. Audit Firm personnel qualifications and experience – 15%
5. Audit fee – 40%

F. DELIVERABLES

Deliverables to be included in the audit proposals are as follows:

1. The external audit is expected to be conducted in the 3rd week of November 2016, with the audit firm submitting a draft audit report to the HDIF Team Leader and Project Operation Manager electronic copies within seven (7) days upon completion of assignment.
2. The final audit report shall be submitted Palladium International Ltd/FGGO in five (5) hard copies and an electronic PDF version of within seven (7) days on receipts of the management comments.
3. A management letter, which should highlight observed weaknesses in the system of internal control, the impact on the delivery of Programme objectives and the recommendations for managing the issues over the life of the programme. This management letter covering the entire audit period should be submitted to Palladium/FGGO by 10/12/2016.
4. A statement of compliance with DFID terms and conditions as contained in Palladium's International Ltd Head Contract PO6154.
5. A verification report on all programme funded assets.
6. The Project Financial Statements should include:
 - Summary of Uses of Funds showing the uses of funds by contract category, both for the current fiscal year and accumulated to date.
 - Separate note of any ineligible expenditure identified during the review.

G. CO-ORDINATION

The consultant will report to the nominated Palladium International Ltd/FGGO Representative.

H. ELIGIBLE AUDIT FIRMS

Persons submitting proposals are eligible if they are International Chartered Accountants or Certified Public Accountants in Public Practice who have registered with National Board of Accountant and Auditor (NBAA) with the following additional criteria:

1. Experience in conducting similar audit assignments of international development programmes. Provide brief profile of a firm showing list of Partners and permanent staff.
2. Prior experience in auditing DFID programmes a significant asset. Provide details of largest similar assignment completed successfully by the firm in the last 5 years.
3. Availability to start with the assignment immediately (or by the 14/11/2016) is also a significant asset.

PROPOSALS MUST REACH AT THE ADDRESS MENTION BELOW BY NOVEMBER 4, 2016 UP UNTIL 2.30PM IN SEALED ENVELOPES MARKED "PROPOSAL FOR HDIF EXTERNAL AUDIT SERVICES":

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