

Request for Proposal (RFP)

Opening Date: 03 August 2022

Closing Date: 18 August 2022

Subject: External Audit Service Provision to Afghanaid

Background

Afghanaid, an International non-governmental organisation (NGO) (Registered at: the Busworks Omnibus Business Centre 39-41 North Road London N7 9DP), and Afghanistan (House 25, street 3, Qala-i-Fath-ullah Kabul, Afghanistan), Head Office (HO) in Kabul, with provincial and district offices in Badakhshan (north-eastern region), Samangan (northern region), Ghor (western region), Daikundi (Central region) and a Fundraising office in London. More information about Afghanaid can be found at our website www.afghanaid.org.uk.

External Audits

Afghanaid conducts two different external audits every year. One external audit is conducted within Afghanistan where the Head Office and all programme operations are located and another is conducted in the UK which ensures that we are compliant to the Companies Act 2006. The UK audit is performed by Crowe U.K. LLP which includes the examination of the UK operations as well as the consolidation of the UK and Afghanistan accounts. The Afghanistan auditors will have to work closely with the UK auditors to ensure that all aspects of audit have been covered adequately in accordance to the referral instructions (There are specific issues that the UK auditors would like the HO auditors to follow up and report on during the audit).

Final audited accounts for Afghanistan operations for the period ending 31st December 2021 for the organisation are attached Annex I.

1. Purpose

The purpose of the external audit is to verify that the annual accounts provide a true and fair picture of the organisation's finances; and that the use of funds is in accordance with the aims and objects as outlined in the constitution and to give donors confidence that their funds have been properly used and the grant conditions are being complied with.

2. Scope of Work

The successful bidder will be required to perform the following types of external audits:

- Annual Audit (Statutory- Afghanistan Operations)
- Project Audits e.g. expenditure verification.

3. Key Responsibilities

- a) To act as the authorized auditors of Afghanaid to examine the annual accounts prepared and compiled by its management, and any other donor's contract audits that may be required during the period. The Auditors' responsibility is to consider following:
- To ensure that all transactions and amounts that should have been recorded are reported in the financial statements.
 - The assets and liabilities reported in the financial statements existed at the balance sheet date, and the transactions reported in the financial statements occurred during the period covered by the statements.
 - Reported assets are owned by the entity and liabilities owed by the entity at the balance sheet date are reported.
 - The financial statement amounts are properly classified, described, and disclosed in conformity with the applicable accounting standards.
 - The financial statement amounts (assets, liabilities, revenues, and expenses) are appropriately valued in conformity with the accounting standards.
 - Evaluating and understanding the internal control system.
 - Performing analytical procedures on expected or unexpected variances in account balances or classes of transactions.

- viii. Testing documentation supporting account balances or classes of transactions.
 - ix. Observing the physical inventory count.
 - x. Confirming accounts receivable and other accounts with third parties.
 - xi. The independent auditor forms an opinion on the overall fairness of the financial statements by testing the above representations. The opinion is communicated in the auditor's report.
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- b) To make sure the overall auditor's report contains an unqualified opinion, which means that an auditor believes, without reservation, that the financial statements present fairly the entity's financial position and results of operations in conformity with accounting standards.
 - c) To conduct the audit in accordance with the internationally accepted auditing standards and practices and, finally to give its recommendations on the weaknesses in internal controls and procedures, or such other report as the circumstances may require in accordance with international standards on auditing.
 - d) To deploy professionally qualified senior staff who have the competence to conduct external audits in accordance with international auditing standards and have sufficient experience in conducting audit in Afghanistan and must be familiar with the requirements of audit of NGOs registered under the Afghanistan and UK Charity Laws.
 - e) Not to disclose any matters of a confidential nature to which it may be or become privy as a result of this Agreement & promptly redirect all inquiries relating to confidential and proprietary information from the public (whether from an individual, a government agency or official, the media or other sources) to Afghanaid except as the organisation may otherwise authorize.
 - f) To conduct a project audit for project health check and provide suggestions to create future program and project success and generate cost savings.
 - g) To identify the root cause of problems in project audit process and provide detailed guidance for how to get a programme and project that's in trouble back on track.
 - h) To provide valuable learning about how to improve project performance on future projects by making sure a project audit has a direct, positive bottom-line impact on the organization.

- i) To establish a good working coordination with Afghanaid's UK auditor concerning conducting the Afghanistan audit in light with their annual audit referral instructions i.e. to obtain a good understanding of environment, document the assessment of risk of material misstatement. (With cross-reference to the Control Overview and Risk Assessment Document).

4. Organisation's requirement from the auditors

The organisation will be looking for proposal from interested parties who can offer:

- a) **Cost effective services** – proposed fees should reflect the fact that auditors will be provided with full sets of draft Report and Accounts for the Organisation plus fully referenced and comprehensive working papers.
- b) **Continuity of key audit staff** – to minimize the time required from organisation staff in providing background information to financial transactions in the year.
- c) **Communication during the year** – to keep up to date with developments within the organisation and to provide updates on technical requirements that may impact the organisation's financial reporting.
- d) **Partner time** – to act as occasional sounding the Directorate when required and to attend a Directorate meeting annually to discuss the audit and any matters arising.

5. Request for Proposals (RFP) Requirements

Please provide the following information in your proposal:

a) Details of your firm

Your proposal should:

- I. Outline the structure, size and capabilities of your charity unit as relevant to us.
- II. Specify the proportion of the firm's work that relates to the charities
- III. Describe your audit principles and methods

b) Staffing

Your proposal should identify:

- I. The partner and manager who will be assigned to the audit, including details of their relevant experience and qualifications

- II. Clients the partner and manager have worked with that have particular relevance to the organisation and the length of time they've worked with them. Confirmation that the organisation can approach these clients for reference purposes, should the firm be selected for the shortlist, should be included also
- III. The time which the partner and manager identified above will devote to the audit.
- IV. How you manage succession planning and staff continuity.

c) Audit Approach

Your proposal should identify how you:

- I. Determine audit strategy and undertake audit planning.
- II. Address matters of audit scope and materiality.
- III. Identify and respond to risk and critical audit issues.
- IV. Control and co-ordinate the audit process.
- V. Ensure appropriate responsibility for decisions on the audit.
- VI. Conduct the reporting arrangements.

d) Fees

Your proposal should include an estimate of your total audit fee for the organisation's accounts and a basis for future increases. The fee proposal should include information to:

- I. Provide an analysis of hours by grade of staff that will be involved on the audit together with details of their hourly charge out rates.
- II. Indicate the basis of charging their expenses
- III. Outline your proposals for setting and agreeing fees in future years.

6. RFP Process

Proposals should be addressed to Mr. Alwyn Farai Dzinamarira (Director of Operations) and received by 15th August 2022. Firms are required to send their proposals by e-mail to Mr. Alwyn Farai Dzinamarira (afdzina@afghanaid.org.uk) & Ayub Khan (akhan@afghanaid.org.uk) and also provide 2 hard copies at House 25, street 3, Qala-i-Fath-ullah Kabul, Afghanistan to arrive by 18th August 2022.

A short list will be selected based on assessment of how firms match the above requirements and the selected firms will be notified accordingly. Further discussions with the shortlisted firms will take place in August/September.

REQUIREMENTS FOR RFP:

1) Contact Information

Provide a Primary Contact Person, Company Name, Address, Phone Number, E-mail Address.

2) Background and Experience

Outline your approach to providing the deliverables listed in the ToR/assignment.

Describe your/ your organization's expertise and experience related to assignment with other NGOs by providing a list of your clients including their name, project details, location total contract value and other relevant information.

4) Consultancy Cost

Provide a detailed budget for the services.

CONTACT DETAILS & SUBMISSIONS

- **Application deadline**

18 August 2022

- **Application nature and structure**

The application should include:

- Technical Proposal
- Financial Proposal

- Limitations on applicants from more than one company or group of companies; where a conflict of interest exists in the ownership or identity of applicants; or the inclusion of named specialists on more than one application; etc.

Application screening and selection process

The selection process will include:

- Review of the proposal
- RFP evaluation and Shortlisting applicants
- Further discussions with the shortlisted applicants

CONTACT DETAILS & SUBMISSIONS

All communication regarding this RFP shall be directed via email to email: afdzina@afghanaid.org.uk & Ayub Khan (akhan@afghanaid.org.uk).

National/International firms/individuals that meet the above requirements should submit their application to afdzina@afghanaid.org.uk & Ayub Khan (akhan@afghanaid.org.uk) by 18th August 2022.

Please also write in the subject line of your email "**RFP No. AAD-08-04-2022**" Proposal for "**External Audit Service Provision to Afghanaid**".

Questions regarding to the request for proposal may be raised until 4:30 pm (Kabul Time) August 15, 2022 Electronic copies of the Proposals in response to this request are to be submitted until 4:30 pm (Kabul Time) August 18, 2022.

Proposals received after this date will not be considered.

Only registered consultancies/organizations and individual meeting the above criteria will be short listed for further procedure. Application with no proper subject (as requested above) will not be given consideration.

Due to the high volume of applications we receive, we are unable to respond to every application. If you have not heard from us within 2 weeks of the deadline, then you have not been successful for shortlisting.