

REQUEST FOR PROPOSAL (RFP) FOR AUDIT SERVICE FOR THE PERIOD 1 JAN 2018 - 31 DECEMBER 2018

Issue Date: March 11, 2019

Closing Date: March 31, 2019

RFP No: ASMO-KAB-2019-002

TO: Qualified & Eligible Audit Firms

FROM: Afghan Social Marketing Organization (ASMO)

SUBJECT: External Annual Financial Audit of ASMO

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1. About ASMO

The Afghan Social Marketing Organization (ASMO) is a social marketing and behavioral change communication organization established in August 2008. ASMO as a free-standing, not-for-profit Afghan organization aims to create positive health outcomes by giving Afghan households the information they need to make informed and healthy choices and expanding access to high quality health products through commercial markets.

Vision: ASMO's vision is to serve as a "partner for a better life" in Afghanistan where families (especially women and children) and communities are empowered to protect and improve their health and social well-being; where markets for health products are vibrant and expanding; and where consumer awareness of healthy choices, access to affordable health products and social services steadily improves and is increasingly sustainable.

Mission: ASMO strives to design and implement effective and integrated health and social issue marketing interventions intended to improve the overall well-being of the country's population, especially women and children, while stimulating and increasing private commercial sector participation.

Organization's Objectives:

1. To increase awareness of health and social issues among Afghan communities and promote sustainable use of health products among the people of Afghanistan by using modern marketing tools and techniques
2. To address Maternal Child Health ("MCH") related programs such as supporting education of adolescents about nutrition, hygiene, and HIV/AIDS
3. To encourage contribution and enhance capacity of private sector health providers in expanding access to FP/MNCH products and counseling

2. Ongoing Project:

In mid-2016, ASMO signed a new sub-award Abt Associates Inc. under the USAID funded SHOPS Plus Project for the period initially ended at 30 Sep 2017 and further extended up to 30 Jun 2020.

The Sustaining Health Outcomes through the Private Sector Plus (SHOPS Plus) project led by Abt Associates Inc. awarded Afghan Social Marketing Organization (ASMO) a 48 months project starting from June 2016 aiming to improve the delivery of high quality family planning and maternal and child health products to target populations in Afghanistan through the private sector.

SHOPS Plus will provide technical assistance to ASMO in designing and implementing high quality social marketing interventions which leads to increased access to and demand for affordable priority health products. In addition, SHOPS Plus will collaborate with ASMO in developing a vision and roadmap for ASMO sustainability.

The project has the following objectives:

1. **Objective 1:** Affordable priority health products delivered through private sector distribution models
2. **Objective 2:** Demand for priority health products and services increased by changing provider and consumer behavior
3. **Objective 3:** Sustainability of Afghan Social Marketing Organization increased

3. Completed Project (Mid-year closed project):

The USAID funded, Helping Mothers & Children Thrive (HEMAYAT) Project is a five year project implemented by Jhpiego Corporation in collaboration with FHI 360, The Palladium Group and Afghan Social Marketing Organization (ASMO). The project aims to exponentially increase access to, utilization of and demand for high-quality, gender-sensitive and sustainable Family Planning/ Maternal, Newborn and Child Health (FP/MNCH) services provided by the Afghanistan Ministry of Public Health's (MoPH) Basic Package of Health Services (BPHS) and the private sector.

The Project emphasizes reaching vulnerable populations with high-quality services, especially women, youth and rural Afghans. To access higher levels of care, the Project will strengthen referral systems to hospitals through the Essential Package of Hospital Services (EPHS) at the provincial level. The HEMAYAT Project will build upon lessons learned from the successful Health Services Support Project (HSSP), which has made significant progress in improving the health of women and children in Afghanistan. HEMAYAT Project has the following four objectives:

Objective 1: Increased access to and availability of gender-sensitive, sustainable health services at facility and community levels

Objective 2: Improve the quality of equitable, gender-sensitive FP/MNCH services

Objective 3: Increase community, household and individual demand for health services

Objective 4: Strengthen Ministry of Public Health's stewardship of family planning, maternal newborn, and child health programs

ASMO signed a Sub-award under the HEMAYAT Project effective October 1, 2015 up to Sep 30, 2018. ASMO contributes to the realization of objective 1 and objective 3 of the HEMAYAT Project through increasing the knowledge of private sector health providers in family planning methods and counseling as well as enhancing awareness of the target population on key FP/MNCH messages and creating demand for utilization of FP/MNCH services within project target provinces.

4.Short Description of Projects:

Description of Awards are as follow:

HEMAYAT: Helping Mothers & Children Thrive (HEMAYAT) Primed by Jhpiego Corporation, Document Numbers: USAID Award Number: AID-306-A-15-00002- 15-SBA-107. Hemayat ended at 30 Sep 2018.

SHOPS Plus: Subaward No. 46929 issued under the Sustaining Health Outcomes through the Private Sector Plus (SHOPS Plus) Project Primed by Abt Associates Inc,

5.Amount of Projects Expending:

Both projects have spent during the year a total amount \$2, 150,000. Additionally, there will be small amount of ASMO private spending (non project spending) around \$25,000 .

6.Objectives of the Audit:

The financial audit which is audit of USAID funded programs must be conducted in accordance with the US Government standards of auditing. Auditors must design audit steps and procedures in accordance with U.S. Government Auditing Standards, Chapter 4, to provide reasonable assurance of detecting situations or transactions in which fraud or illegal acts have occurred or are likely to have occurred. If such evidence exists, the auditors must contact the appropriate RIG (Regional Inspector General) and should exercise due professional care in pursuing indications of possible fraud and illegal acts so as not to interfere with potential future investigations or legal proceedings.

The audit is annual financial audit for the year 2018 (1.1-31.12.2018) that includes audit of fund accountability statement and ASMO's general purpose financial statements.

Specific objective are to:

- 6.1. Express an opinion on whether the fund accountability statement for the USAID-funded programs presents fairly, in all material respects, revenues received, costs incurred, and commodities directly procured by USAID for the period audited in conformity with the terms of the agreements and generally accepted accounting principles or other comprehensive basis of accounting (including the cash receipts and disbursements basis and modifications of the cash basis).
- 6.2. Evaluate the ASMO's internal control related to the USAID-funded programs, assess control risk, and identify significant deficiencies including material weaknesses.
- 6.3. Perform tests to determine whether ASMO complied, in all material respects, with agreement terms and applicable laws and regulations related to USAID-funded programs and any applicable local laws/regulations. All material instances of noncompliance and all illegal acts that have occurred or are likely to have occurred should be identified. Such tests should include compliance requirements related to required cost-sharing contributions, if applicable
- 6.4. Determine if ASMO has taken adequate corrective action on prior audit report recommendations.

7.Audit Scope:

Scope requirement is based on the requirement per chapter 4 of the standards which is concerning the fund accountability statement.

It may be noted that the cognizant USAID mission may expand the scope of the audit to include additional requirements to address special mission concerns.

Following is a list of documents applicable to ASMO USAID programs. The auditors should review the applicable documents considered necessary to perform the audit:

- 7.1. The agreements between ASMO and Abt Associates as well as ASMO and Jhpiego
- 7.2. Contracts and subcontracts with third parties, if any.
- 7.3. The budgets, implementation letters, and written procedures approved by Abt Associates and Jhpiego
- 7.4. Mandatory Standard Provisions for Non-U.S. Nongovernmental Grantees (USAID Automated Directives System, Chapter 303 Internal Mandatory References).
- 7.5. All program financial and progress reports; charts of accounts; organizational charts; accounting systems descriptions; procurement policies and procedures; and receipt, warehousing and distribution procedures for materials, as necessary, to successfully complete the required work.
- 7.6. Any previous audits, financial reviews, etc., that directly relate to the objectives of the audit.

8. Fund Accountability Statement

The auditors must examine the fund accountability statement for USAID programs including the budgeted amounts by category and major items; the revenues received under the contracts between ASMO and Abt Associates as well as ASMO and Jhpiego for the period covered by the audit; the costs reported by ASMO as incurred during that period; and the commodities directly procured under the contracts for the ASMO's use. The fund accountability statement must include Jhpiego Corporation and Abt Associates assistance funds identified by each specific program or agreement. The revenues received under contracts between ASMO and Jhpiego as well as ASMO and Abt Associates less the costs incurred, after considering any reconciling items, must reconcile with the balance of cash-on-hand or in bank accounts. The fund accountability statement should not include cost-sharing/counterpart contributions provided from the ASMO's own funds or in-kind.

The auditors should prepare or produce fund accountability statement from the books and records maintained by ASMO, but ASMO must accept responsibility for the statement's accuracy before the audit commences.

The opinion on the fund accountability statement must comply with Statement on Auditing Standard (SAS) No. 62 (AU623). The fund accountability statement must separately identify those revenues and costs applicable to each contracts awarded to ASMO. The audit must evaluate program implementation actions and accomplishments to determine whether specific costs incurred are allowable, allocable, and reasonable under the agreement terms and applicable cost principles, and to identify areas where fraud and illegal acts have occurred or are likely to have occurred as a result of inadequate internal control. At a minimum, the auditors must:

- 8.1 Review direct and indirect costs billed to and reimbursed by Jhpiego & Abt Associates and costs incurred but pending reimbursement by Jhpiego & Abt Associates, identifying and quantifying any questioned costs. All costs that are not supported with adequate documentation or are not in accordance with the agreement terms must be reported as questioned. Questioned costs that are pending reimbursement by Jhpiego & Abt Associates must be identified in the notes to the fund accountability statement as not reimbursed by Jhpiego & Abt Associates.

Questioned costs must be presented in the fund accountability statement in two separate categories. Ineligible costs that are explicitly questioned because they are unreasonable, prohibited by the agreements or applicable laws and regulations, or not program related. In addition, if ASMO was required to place USAID funds in an interest-bearing account but did not, then the imputed interest that would have been earned is also classified as an ineligible cost. Unsupported costs are not supported with adequate documentation or did not have required prior approvals or authorizations. All material questioned costs resulting from instances of noncompliance with agreement terms and applicable laws and regulations must be included as findings in the report on compliance. Also, the notes to the fund accountability statement must briefly describe both material and immaterial questioned costs and must be cross-referenced to any corresponding findings in the report on compliance.

- 8.2 Review general and program ledgers to determine whether costs incurred were properly recorded. Reconcile direct costs billed to, and reimbursed by Jhpiego & Abt Associates to the program and general ledgers.
- 8.3 Review procedures used to control funds, including their channeling to contracted financial institutions or other implementing entities. Review bank accounts and the controls on those bank accounts. Perform positive confirmation of balances, as necessary.
- 8.4 Determine whether advances of funds were justified with documentation, including reconciliations of funds advanced, disbursed, and available. The auditors must ensure that all funding received by ASMO from Jhpiego & Abt Associates was appropriately recorded in ASMO's accounting records and that those records were periodically reconciled with information provided by Jhpiego & Abt Associates.
- 8.5 Determine whether program income was added to funds used to further eligible project or program objectives, to finance the non-federal share of the project or program, or deducted from program costs, in accordance with USAID regulations, other implementing guidance, or the terms and conditions of the award.
- 8.6 Review procurement procedures to determine whether sound commercial practices including competition were used, reasonable prices were obtained, and adequate controls were in place over the qualities and quantities received.

- 8.7 Review direct salary charges to determine whether salary rates were reasonable for that position, in accordance with those approved by Jhpiego & Abt Associates when Jhpiego & Abt Associates approval is required, and supported by appropriate payroll records. Determine if overtime was charged to the program and whether it was allowable under the terms of the agreements. Determine whether allowances and fringe benefits received by employees were in accordance with the agreements and applicable laws and regulations. The auditors should question unallowable salary charges in the fund accountability statement.
- 8.8 Review direct salary charges and determine if salaries of employees who worked on both projects were appropriately allocated.
- 8.9 Review travel and transportation charges to determine whether they were adequately supported and approved. Travel charges that are not supported with adequate documentation or not in accordance with agreements and regulations must be questioned in the fund accountability statement.
- 8.10 Review commodities (such as supplies, materials, vehicles, equipment, food products, tools, etc.), whether donated and procured by ASMO or directly procured under the contracts for the ASMO's use. The auditors should determine whether commodities exist or were used for their intended purposes in accordance with the terms of the agreements, and whether control procedures exist and have been placed in operation to adequately safeguard the commodities. As part of the procedures to determine if commodities were used for intended purposes, the auditors should perform end-use reviews for an appropriate sample of all commodities based on the control risk assessment. End-use reviews may include site visits to verify that commodities exist or were used for their intended purposes in accordance with the terms of the agreements. The cost of all commodities whose existence or proper use in accordance with the agreements cannot be verified must be questioned in the fund accountability statement. (The auditor should determine the cost of commodities based on supporting documentation available from ASMO or Jhpiego & Abt Associates, as appropriate.)
- 8.11 Review un-liquidated advances to ASMO and pending reimbursements by contracts between ASMO and Jhpiego & Abt Associates when performing final closeout audits. Ensure that the ASMO returned any excess cash to Jhpiego & Abt Associates. Also, ensure that all assets (inventories, fixed assets, commodities, etc.) procured with program funds were disposed of in accordance with the terms of the agreements. The auditors should present, as an annex to the fund accountability statement, the balances and details of final inventories of nonexpendable property acquired under the agreements. This inventory should indicate which items were titled to the U.S. Government and which were titled to other entities. These closeout audit procedures must be performed for any award that expires during the period audited.

9. Internal Control

The auditors must obtain a sufficient understanding of the entity and its environment,

including its internal control, to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures. In obtaining this understanding, the auditor must understand the design of the internal control related to USAID programs and determine whether they have been placed in operation. The U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government* (GAO/AIMD-00-21.3.1; 1999) may prove helpful in assessing ASMO's internal control. The internal control must be described in the audit documentation.

Auditors must then prepare the report required by the guideline for financial audit contracted by foreign recipient guidelines for the audit, identifying any significant deficiencies or material weaknesses in the design or operation of internal control. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness that is important enough to merit attention by those charged with governance. Any significant deficiencies or material weaknesses must be set forth in the report as "findings" (see paragraph 5.1.d of these *Guidelines*). Any other matters related to internal control – such as suggestions for improving operational or administrative efficiency or internal control, or control deficiencies that are not significant deficiencies or material weaknesses – may be reported in a separate management letter to the ASMO and referred to in the report on internal control.

The major internal control components to be studied and evaluated include, but are not limited to, the controls related to each revenue and expense account on the fund accountability statement.

The auditors must:

- 9.1 Obtain an understanding of the design of the internal control related to ASMO's control environment and determine whether they have been placed in operation.
- 9.2 Assess inherent risk and control risk, and determine detection risk. Inherent risk is the susceptibility of an assertion, such as an account balance, to a misstatement that could be material, either individually or when aggregated with other misstatements, assuming that there are no related controls. Control risk is the risk that a misstatement that could occur in a relevant assertion and that could be material, either individually or when aggregated with other misstatements, will not be prevented or detected on a timely basis by the entity's internal control. Detection risk is the risk that the auditor will not detect a material misstatement that exists in an assertion. Detection risk is based upon the effectiveness of an auditing procedure and the auditor's application of that procedure.
- 9.3 Summarize the risk assessments for each assertion in a single document included in the audit documentation. The risk assessments should consider the following broad categories under which each assertion should be classified: (a) classes of transactions and events for the period under audit (occurrence, completeness,

accuracy, cutoff, and classification), (b) account balances at the period end (existence, rights, obligations, completeness, valuation, and allocation), and (c) presentation and disclosure (occurrence, rights, obligations, completeness, classification, understandability, accuracy, and valuation). At a minimum, the audit documentation should identify the name of the account or assertion, the account balance or the amount represented by the assertion, the assessed level of inherent risk (high, moderate, or low), the assessed level of control risk (high, moderate, or low), the combined risk (high, moderate, or low), and a description of the nature, timing and extent of the tests performed based on the combined risk. Summary audit documentation should be cross-indexed to supporting audit documentation that contains the detailed analysis of the fieldwork. If control risk is evaluated at less than the maximum level (high), then the basis for the auditor's conclusion must be described in the audit documentation.

If the auditors assess control risk at the maximum level for assertions related to material account balances, transaction classes, and disclosure components of financial statements when such assertions are significantly dependent upon computerized information systems, the auditors must describe in the audit documentation the basis for such conclusions by addressing (i) the ineffectiveness of the design and/or operation of controls, or (ii) the reasons why it would be inefficient to test the controls.

9.4 Evaluate the control environment, the adequacy of the accounting systems, and control procedures. Emphasize the policies and procedures that pertain to ASMO's ability to record, process, summarize, and report financial data consistent with the assertions embodied in each account of the fund accountability statement. This should include, but not be limited to, the control systems for:

- Ensuring that charges to the program are proper and supported.
- Managing cash on hand and in bank accounts.
- Managing program income and transferring it to Abt Associates
- Procuring goods and services.
- Managing inventory and receiving functions.
- Managing personnel functions such as timekeeping, salaries and benefits.
- Managing and disposing of commodities (such as supplies, materials, vehicles, equipment, food products, tools, etc.) purchased either by ASMO or directly under the contract by Jhpiego & Abt Associates
- Ensuring compliance with agreement terms and applicable laws and regulations that collectively have a material impact on the fund accountability statement. The results of this evaluation should be contained in the audit documentation section described in the guideline (USAID guideline for audit)

9.5 Include in the study and evaluation other policies and procedures that may be relevant if they pertain to data the auditors use in applying auditing procedures. This may include, for example, policies and procedures that pertain to non-financial data that the auditors use in analytical procedures.

In fulfilling the audit requirement relating to an understanding of internal control and assessing the level of control risk, the auditor must follow, at a minimum, the guidance contained in AICPA SAS Nos. 109 (AU 314), entitled Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement, 115 (AU 325), entitled Communicating Internal Control Related Matters Identified in an Audit, and 74 (AU801) entitled Compliance Auditing Considerations in Audits of Governmental Entities and Recipients of Governmental Financial Assistance.

10. Compliance with Agreement Terms and Applicable Laws and Regulations

In fulfilling the audit requirement to determine compliance with agreement terms and applicable laws and regulations related to USAID programs, the auditors must, at a minimum, follow guidance contained in AICPA SAS No. 74 (AU801) entitled *Compliance Auditing Considerations in Audits of Governmental Entities and Recipients of Governmental Financial Assistance*. The compliance review must also determine—on audits of awards that present cost sharing/counterpart contribution budgets on an annual basis and on close-out audits of awards that present cost sharing/counterpart contribution budgets on a life-of-project basis—if cost sharing/counterpart contributions were provided and accounted for in accordance with the terms of the agreements. The auditor's report on compliance must set forth as findings all material instances of noncompliance, defined as instances that could have a direct and material effect on the fund accountability statement. Nonmaterial instances of noncompliance should be included in a separate management letter to ASMO and referred to in the report on compliance.

The auditor's report should include all conclusions that a fraud or illegal act either has occurred or is likely to have occurred. In reporting material fraud, illegal acts, or other noncompliance, the auditors should place their findings in proper perspective. To give the reader a basis for judging the prevalence and consequences of these conditions, the instances identified should be related to the universe or the number of cases examined and is quantified in terms of U.S. dollars, if appropriate. In presenting material fraud, illegal acts, or other noncompliance, auditors must follow the reporting standards contained in Chapter 5 of U.S. *Government Auditing Standards*. Chapter 4 of U.S. *Government Auditing Standards* discusses factors that may influence auditors' materiality judgments. If the auditors conclude that sufficient evidence of fraud or illegal acts exists, they must contact the RIG and exercise due professional care in pursuing indications of possible fraud and illegal acts to avoid interfering with potential future investigations or legal proceedings.

In planning and conducting the tests of compliance the auditors must:

10.1 Identify the agreement terms and pertinent laws and regulations and determine which of those, if not observed, could have a direct and material effect on the fund accountability statement. The auditors must:

- List all standard and program-specific provisions contained in the agreements that cumulatively, if not observed, could have a direct and material effect on the fund accountability statement.

- Assess the inherent and control risk that material noncompliance could occur for each of the compliance requirements listed in previous paragraph above.
 - Determine the nature, timing and extent of audit steps and procedures to test for errors, fraud, and illegal acts that provide reasonable assurance of detecting both intentional and unintentional instances of noncompliance with agreement terms and applicable laws and regulations that could have a material effect on the fund accountability statement. This should be based on the risk assessment described in previous paragraph
 - Prepare a single summary document in the audit documentation that identifies each of the specific compliance requirements included in the review, the results of the inherent, control and (detection) risk assessments for each compliance requirement, the audit steps used to test for compliance with each of the requirements based on the risk assessment, and the results of the compliance testing for each requirement. The summary document should be cross-indexed to detailed audit documentation that support the facts and conclusions contained in the summary document.
- 10.2 Determine if payments have been made in accordance with agreement terms and applicable laws and regulations.
- 10.3 Determine if funds have been expended for purposes not authorized or not in accordance with applicable agreement terms. If so, the auditors must question these costs in the fund accountability statement.
- 10.4 Identify any costs not considered appropriate, classifying and explaining why these costs are questioned.
- 10.5 Determine whether commodities, whether donated and procured by ASMO or directly procured under contracts for the ASMO's use, exist or were used for their intended purposes in accordance with the terms of the agreements. If not, the cost of such commodities must be questioned.
- 10.6 Determine whether any technical assistance and services procured by ASMO were used for their intended purposes in accordance with the agreements. If not, the cost of such technical assistance and services should be questioned.
- 10.7 Determine whether those who received services and benefits were eligible to receive them.
- 10.8 Determine whether ASMO financial reports including claims for advances and reimbursement contain information that is supported by the books and records.
- 10.9 Determine whether ASMO held advances of USAID funds in interest-bearing accounts, and whether ASMO remitted to USAID any interest earned on those advances, with the exception of up to \$250 a year that ASMO may retain for administrative expenses. If ASMO was required to place USAID funds in an interest-bearing bank account but did not, then the auditor should determine the amount of

interest that was foregone by ASMO, and this amount should be classified as ineligible costs.

11. Follow-Up on Prior Audit Recommendations

The auditors must review the status of actions taken on findings and recommendations reported in prior audits of USAID-funded programs. Paragraph 4.09 of U.S. *Government Auditing Standards* states: “Auditors should evaluate whether the audited entity has taken appropriate corrective action to address findings and recommendations from previous engagements that could have a material effect on the financial statements. When planning the audit, auditors should ask management of the audited entity to identify previous audits, attestation engagements, financial reviews, and other studies that directly relate to the objectives of the audit, including whether related recommendations have been implemented. Auditors should use this information in assessing risk and determining the nature, timing, and extent of current audit work, including determining the extent to which testing the implementation of the corrective actions is applicable to the current audit objectives.”

The auditors must describe the scope of their work on prior audit recommendations in the summary section of the audit report. The auditors should refer to the most recent recipient contracted audit report for the same award (for a follow-up audit) or other USAID awards (for an initial audit). When corrective action has not been taken and the deficiency remains unresolved for the current audit period the auditors need to briefly describe the prior finding and status and show the page reference to where it is included in the current report. If there were no prior findings and recommendations, the auditors must include a note to that effect in this section of the audit report.

The auditors must perform the following steps:

11.1 Hold entrance and exit conferences with ASMO

11.2 During the planning stages of an audit, communicate information to ASMO regarding the nature and extent of planned testing and reporting on compliance with laws and regulations and internal control over financial reporting. Such communication should state that the auditors do not plan to provide opinions on compliance with laws and regulations and internal control over financial reporting. This communication should be in the form of an engagement letter.

11.3 Institute quality control procedures to ensure that sufficient appropriate evidence is obtained through inspection, observation, inquiries, and confirmations to afford a reasonable basis for an opinion regarding the financial statements under audit. While auditors may use their standard procedures for ensuring quality control, those procedures must, at a minimum, ensure that:

Audit reports and audit documentation are reviewed by an auditor preferably at the partner level, who was not involved in the audit. This review must be documented.

All quantities and monetary amounts involving calculations are footed and cross-footed.

All factual statements, numbers, conclusions and monetary amounts are cross-indexed to supporting audit documentation.

11.4 The auditor must ascertain, before preparing its proposal for the audit engagement (or if this is not possible, at the earliest opportunity during the engagement itself), whether ASMO ensured that audits of the USAID programs were performed to ensure accountability for USAID funds passed through to ASMO.

11.5 Obtain a management representation letter in accordance with AICPA SAS No. 85 (AU333) signed by ASMO's management.

12. Reports:

Auditors should issue set of standard audit reports that is required by standards in the guideline. Audit reports should meet requirements chapter 5 and 7 of the audit guidelines and should include awards reference number. Audit report issued to the management body of ASMO. ASMO necessarily will share the report with Abt Associates Inc and Jhpiego for review and comment.

13. Inspection and Acceptance of Audit Work and Reports:

The RIG (Regional Inspector General) if have reason and when responsibility of review is subjected will conduct quality control reviews (QCRs) of the audit documentation for a selected sample of the audits. These reviews will determine whether audit work was performed in accordance with these Guidelines. The RIG will notify USAID, the ASMO, and the independent auditors of the results of these reviews.

14. Relationships and Responsibilities:

ASMO will be responsible to provide auditors on timely manner with information, facts and documents that auditors need for the audit.

When audit is finalized and audit report should be sent to ASMO's management review and ASMO may finalize the review internally or do it together with prime contractor.

15. Terms of Performance:

Audit should commence immediately following notice of approval for nomination is communicated to the auditor and audit engagement is signed. Audit should be completed within timeline given in the audit plan and audit report should be released when audit is finalized.

Audit fees will be paid in two installments with first installment when audit commences and final installment when audit is final and reports are approved.

16. Fees:

Audit fees estimated and proposed to charge should include description for basis of charging. If hourly charge is proposed, total estimated hour for the audit must be detailed in table showing hourly chargeable fees for audit staff based on their role and responsibilities. Description should include to mention whether proposed fees are negotiable or stated as fixed and including expenses out of pocket for travels.

17. Deliverables:

In addition to the prescribed reports, the audit reports should include close out report of the completed project. Audit and the report should cover the requirements set for close out audit.

Draft copy of audit report should be sent to ASMO's management when audit work is finished. Three printed and signed copy should be delivered to ASMO after final approval of the reports.

18. Audit Proposal Information:

RFP's closing date is: March 31, 2019. Submission should be made before: 12:00 noon March 31, 2019

19. Submission Guideline:

Proposal should be in printed copy written in English, properly sealed in envelop and send no later than 12:00 noon March 31, 2019 attention to:

Mr. Khalid Ahmadzai
Procurement Manager
ASMO
House # 101 Lane # 1 on the right
Qalai Fatulla Street behind Zarghona High School District Number 10 Kabul

Three originally printed copies are requested. Any audit firm that wish to send electronic copy, application should be sent to Dr Ebrahim Heidar at: ehaidar@asmo.org.af with cc Khalid Ahmadzai at: kahmadzai@asmo.org.af

Printed copy sealed in envelop should be clearly marked to include RFP reference number, submitting entity/company name and date. Envelop should be in the size of A4 and sized smaller in order to be manageable for putting it into RFQ/RFP box. Proposal failed to be manageable for making it into RFQ box will not be accepted unless it is resized to be small.

In delivering the proposal, it must be ensured that proposal is properly delivered. This includes registration at ASMO and getting the proposal into the RFQ box and obtaining receipt slip.

20. Assistance for Clarification:

For questions to resolve, assistance can be provided. Send your questions to Dr Heidar at cheidar@asmo.org.af and cc Mohammad Asif at: asif_jan81@yahoo.com no later than Saturday 12:00 noon 23 March 2019

Appendix: Selection Criteria

Proposals received will be reviewed and evaluated against selection criteria to determine responsiveness. Respondents are required to complete entire sections of this part to answer questions and provide other information. Information and facts provided should be relevant and evidence based. Proposals that have not met the requirements or determined to be non-responsive to the requirements will be considered ineligible.

a. Background Information:

Please provide the following information

- 1) Firm's Name _____
- 2) Address _____
- 3) Telephone Numbers _____
- 4) Fax Numbers _____
- 5) Email address _____
- 6) Name and Title of Principal Contact _____
- 7) Brief history of the firm, including the number of years that the firm has been in operation and the nature of its practice

b. Understanding the Work to be Performed

Points

- 1) Audit Objectives and Scope of Work:

(7)

Describe your understanding of the work to be performed under the audit requirements of USAID.

2) Required Reports: (7)

Describe your understanding of the reports required under audit requirements of USAID.

3) Internal Quality Control Process: (3)

Describe your understanding of the internal quality control process for the audit of USAID programs.

4) Relationships and Responsibilities: (3)

Describe your understanding of your relationships and responsibilities under audit requirements of USAID.

5) Terms of Performance: (2)
Describe your understanding of the terms of performance under the USAID programs.

6) U.S. Government Auditing Standards : (3)
Describe your understanding of these standards for financial audits.

7) International Standards on Auditing of IFAC :

(3)

Describe your understanding of these standards for financial audits.

c. Experience with type of work to be performed:

Points

1) General Accepted Auditing Standards of the AICPA

(7)

Describe the experience your firm has had in using generally accepted auditing standards of the AICPA.

2) U.S. Government Auditing Standards:

(7)

Describe the experience your firm has had using these Standards.

3) International Standards on Auditing of IFAC: (7)
 Describe the experience your firm has had using these Standards.

4) Writing audit reports in English: (7)
 Describe your experience in writing audit reports in English.

- 5) Experience in auditing international and national governmental and Non-governmental organizations. (7)

d. Professional Competence

Points

- 1) Affiliation with an International audit firm :

(4)

Describe the nature of your affiliation with an international audit firm (i.e. partnership or representative) and whether partners in your firm have authority to use the letterhead and signature of the international firm in the audit report. Also describe what type of support the international firm provides to your office. Finally, specify the number of years the affiliation has existed. (Attach a copy of the agreement with the international firm.)

2) List of clients: (4)
Provide a list of your clients.

3) Number, type and education of profession staff: (9)
Complete the schedule shown below and attach resumes of your key staff. Also, provide other comments concerning your professional staff that you may want to make.

Category	No of staff	Professional Certification (Specify)	No of staff with		
			Master's Degree	Four years university Degree in Accounting	Secondary School Degree
Partners					
Directors					
Managers					
Supervisors					
Sr Auditors					
Jr Auditors					
Editors					
Secretariats					
Total					

4) Internal Quality Control System:

(4)

Describe your firm's Internal Quality Control system (the purpose of such a system is to provide reasonable assurance that your firm (1) has established and is following adequate audit policies and procedures and (2) has adopted and is following applicable auditing standards).

5) External Quality Control Review:

(5)

Describe your firm's program of External Quality Control Review. Such a review should determine that (1) the Firm's internal quality control system is in place and operating effectively, and (2) established policies and procedures and applicable auditing standards are being followed in the audit work.

6) Continuing Professional Education Program

(5)

Describe your program of Continuing Professional Education (CPE) and complete the following schedule.

Average Hours of
CPE Per Year
Last Year Ended MM/DD/20XX

Total CPE

CPE in U.S.

Government auditing

7) Access to specialized services :

(2)

Describe what arrangements your firm has made to obtain any required technical assistance, and legal and management advisory services.

e. Independence:

(4)

Factors that could limit your independence to perform objective audits of governmental and non-governmental organizations in your country.

Total Points 100

f. Declaration:

I/We, the undersigned, by completing this document, make the following declarations:

1. I/We will perform all audits and/or agreed-upon procedures engagements in accordance with U.S. Government Auditing Standards issued by the U.S. Government Accountability Office.
2. I/We will comply with all requirements in the Guidelines for Financial Audits Contracted by Foreign Recipients.
3. I/We understand that no USAID funds may be used to pay for audits that are not completed in accordance with the Guidelines. In this regard, I/we undertake to correct any instances of noncompliance with the Guidelines noted by the RIG.

Full Name

Designation

Date