

REQUEST FOR PROPOSAL (RFP)

AREP Independent Auditors' Report on 2023 Fiscal Year

RFP Issuance Date: 10 Mar 2024
Closing Date: 20 Mar 2024
PD Reference No: AREP/2024/09

1. Who is the Afghanistan Rehabilitation and Educational Program?

Afghanistan Rehabilitation and Educational Program (AREP) was established in 1994 in Pakistan as an independent, non-governmental, non-profit organization. Its first major initiative was an educational magazine in Dari, Pashto, and English called "Maaref." Nearly 40,000 copies were published bi-monthly and distributed among Afghan refugee children in Pakistan and Afghanistan itself.

AREP moved to Afghanistan in 2003, where it continued to work closely with communities throughout the country. Since then, our organization's development and growth have been shaped – and strengthened - by the complex and continually changing environment still prevalent in many areas.

Also initiated in 2003, community development projects were typically implemented at the request of those already benefiting from AREP's education-related initiatives. Poor and illiterate people in the central provinces were initially targeted, with activities later extended to cover 11 provinces. Project beneficiaries continue to use the schools, bridges, deep wells, roads, and pipe schemes established by AREP, which are still functioning in good condition.

As the activities mentioned were implemented, many females came forward to express their desire for women's empowerment services. AREP responded in 2008. The first project involved promoting women's rights in Kabul and then in Nangarhar. Such projects were later extended to all 34 provinces. The exact number of female empowerment beneficiaries to date is projected at approximately 50,000. This growth in demand for AREP services presented us with numerous challenges in effectively managing our development and programs. At the same time, however, it also provided us with rich experience in managing complex and diverse programs under demanding circumstances and remote areas.

2. Purpose of the Audit

The Afghanistan Rehabilitation and Educational Program wish to engage the services of an external auditor of international reputation for conducting the annual audit of its financial statements and some of the projects in accordance with the statutory requirements, International Reporting Standards on Auditing (ISA). AREP invites the audit 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 of the year 2023 and on donor financial reports send by AREP.

3. Scope of work and Methodology

The Audit Firm will be required to prepare a detailed methodology and work plan indicating how the objectives of the project will be achieved, and the support required from AREP.

The audit will be conducted in accordance with ISA as published by the International Auditing and Assurance Standards Board of the International Federation of Accountants (IFAC) and Generally Accepted Government Auditing Standards (GAGAS) as a whole and along with relevant donor's guidelines. Besides, the audit will also be based on instructions for the programme accounting and in compliance with AREP Operation Handbooks.

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 AREP and subsequently utilized by the different organizational units.
2. Assessment of the adequacy of the system of internal control over procurement of supplies equipment and services, hereunder verify whether AREP procedures and guidelines regarding procurement are followed.
3. Verification of income and expenditure and the control of fixed assets at all levels are specified hereunder (but not limited to).
 - a. Check and/or verify the vouchers and other relevant documents.
 - b. Evaluate the evidence i.e., vouchers and receipts to determine reliability and authenticity of these.
 - c. Assess the usage of the assets by going through the various records.
 - d. Check and control that AREP complies with local laws and regulations, e.g., deduction of any imposed taxes on delivers from suppliers and that any withheld amounts are remitted to the relevant authorities on time.
4. 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 be part of the audit.
5. Audit of AREP payroll system to ensure salaries paid to employees are according to the rules and contracts and whether the relevant statutory deductions are made from the staff earnings are remitted to the relevant authorities on time.

4. Deliverables

The auditor will issue an audited financial statement for AREP and an audit opinion on AREP-AFG overall financial statements for the year ended December 31, 2023; plus / or 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 recommendations for their improvement.
3. Report on the lack of compliance with 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.
5. Include management's comments in the final management letter.

5. Duration, timeline, and payment

The total expected duration to complete the assignment will be no more than **15 days**.

The annual audit for financial year 2023 is expected to start on **March 30th, 2024**, and will be completed no later than **May 9th, 2024**.

Reports on any audit carried out must be submitted to the AREP within 5 working days after the audit has been performed. Draft audit reports along with financial statements should be submitted within 05 days of completion of the audit executions/detailed examination. Final audit reports shall be issued within a week upon receipt of comments from AREP.

The reporting in connection with audit of project accounts shall consist of audited accounts according to relevant donor guidelines and statutory requirements.

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.

6. Technical supervision

The selected Audit Firm will work under the supervision of:

- Admin/Finance Director, Mir Shah Khan , ms.khan@arep.org.af
- Admin/Finance Manager, Samiullah Rohani, s.rohani@arep.org.af

7. Location and support

8. The audit will be carried out at the AREP Head office, Kabul, Afghanistan.

The Auditor's will provide her/his own computer and mobile telephone.

9. Evaluation of bids

Information should be provided in two sections listed below:

TECHNICAL (max. 10 pages):

1.1 Understanding of the work: (30%)

- Demonstrate understanding of the work in audit and guidelines of donors.
- Information regarding
 - o Firm's legal status and membership with professional firms of auditing.
 - o Number of partners and types of services provided.
 - o Humanitarian sector auditing experience.
 - o List of main clients in humanitarian.
 - o Previous experience with NGO's and donors especially DANIDA, SIDA, UN Agencies, US Donors, EC and ECHO.

1.2 Methodology: (20%)

- Internal procedures (tools and techniques) to ensure the quality of the deliverables, accuracy of the figures, audit trail, unambiguity of the finding and the conclusions is included under the criterion.
- Describe how audit firm procedures and methods adheres to ISA, GAGAS and local auditing standards and documentation of the whole process.

1.3 Work Plan: (20%)

- Indicating the main types of quality checks that will be performed.
- Measures taken in order to avoid discontinuity of services.

1.4 Human Ressources : (30%)

- The justification of the allocation of human resources by indicating the number of man-days and profiles proposed by the contractor for each phase of the assignment.
- Concerning the profiles, the experts must have received sufficient and adequate training in the fields.
- Understanding of the engagement context and the financial system of NGOs in Afghanistan.

The figures in brackets indicate the maximum score that can be attributed to each individual criterion.

Only those shortlisted will be contacted for an interview with the panel to ensure their understanding of the Audit services.

10. Financial proposal

A separate cost proposal specifying separate fee for audit along with any other cost required for agreed upon procedures, boarding and lodging and traveling of audit team.



Afghanistan Rehabilitation & Educational Program (AREP)

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Please Mark:

- a) I/We certify that I/We have provided quote and am/are agreed with your payment terms and conditions.

Signature and or stamp:

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Name: _____
Company Name: _____
E-mail address: _____
Mobile Phone: _____
Address: _____