**Request for Proposal 2020-10 - External Audit Services**

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# **About GCERF**

The Global Community Engagement and Resilience Fund (GCERF) is a global fund for the prevention of violent extremism (PVE). Based in Geneva, GCERF supports grassroots initiatives tackling the drivers of radicalisation in Bangladesh, Kenya, Kosovo, Mali, Nigeria, Tunisia and the Philippines. Currently more than thirty GCERF-funded projects are being implemented in those countries. It is expanding its operations into Somalia, Sri Lanka, and the Western Balkans. GCERF has 26 employees, all based in its offices in Geneva.

# **Description of Services**

## *Background*

The financial statements of GCERF are audited on a yearly basis by the External Auditor appointed by the Board. Since 2015, the External Auditor have expressed an unmodified opinion on GCERF’s financial statements, indicating that they present a true and fair view of GCERF’s financial position and the results of its operations and cash flows, in accordance with International Financial Reporting Standards and in compliance with Swiss law and GCERF’s statutes. The financial statements ended 31 December 2019 are presented in Appendix 1.

Following the submission of the audit report of the 2019 financial statements, the External Auditor ended their four-year mandate. During its last meeting in June 2020, the Board of GCERF has requested the Secretariat to issue a request for proposals for external audit services for the year 2020 and beyond, and to present its analysis of the proposals received and its recommendation to the Board for approval at or prior to its next face-to-face meeting in December 2020. The Board of GCERF has decided certain principles upon which audit arrangements would be based. The first principle states that the selection of external auditors by the Board would be made on the basis of an open, competitive process conducted by the Secretariat in line with the Procurement Policy approved by the Board and any regulations issued thereunder.

Other principles relevant to this Request for Proposal include:

* The performance of the external auditor is appraised at the end of each yearly engagement,
* The audit term shall be a maximum of four years. A firm of auditors may be reappointed for another four year term under the leadership of a different engagement (audit signing) partner, and
* The external auditor would not be permitted to provide non-audit services which may jeopardise the objectivity and independence of the external auditor.

GCERF prepares its financial statements in accordance with the International Financial Reporting Standards for Small and Medium Sized Entities (IFRS for SMEs). The US Dollar is GCERF’s functional and presentation currency. GCERF’s fiscal year coincides with the calendar year. GCERF does not have an internal auditor (either insourced or outsourced) at this point.

## *Objective*

The objective of this Request for Proposal is to identify a reputable audit firm that meets all GCERF requirements, that has the capacity and intent to produce a high quality audit and more generally provide quality services to GCERF. The agreement would cover a four-year period subject to good performance.

## *Work to be performed and deliverables*

1. **General audit work:**
2. Examination of the GCERF financial statements according to International Standards of Auditing (IAS) as well as Swiss Law and Swiss Auditing Standards (NAS) and issuance of an opinion thereon,
3. Preparation of a formal memorandum on deficiencies in internal control that merit the attention of those charged with governance at GCERF if and as needed (“Management Letter”),
4. Preparation of a memorandum to management on significant issues that have been discussed or controls that may benefit from improvement if and as needed,
5. Note to and presentation to the GCERF Board of the audit report and findings among other matters, in compliance with International Auditing Standards,

Items 1,2 and 3 above should be completed by May 15 of each year. The meeting of the Board usually takes place in early June,

1. **Donor Audits**
2. Examination of GCERF financial statements and issuance of an opinion and reports in compliance with the requirements set out in the US Code of Federal Regulations (2 CFR200 subpart F) for audits of US Government grants to GCERF. Please note however that GCERF has received approval that international audit standards as opposed to GAGAS may be used to carry out the Single Audit. Please note that in 2019, GCERF has been undergone a Single Audit in compliance with 2CFR200 subpart F.

These services should be completed by June 30 of each year,

1. Examination of financial reports for other donors in compliance with International Auditing Standards or any other required standard by the relevant donor and issuance of an opinion thereon and other required reports. Note: the need for such services does not exist at the time of the launch of this RFP; this could however change during the course of the agreement between the selected audit firm and GCERF,
2. **Reports to Swiss Authorities**
3. Support in submitting audited annual financial statements to the Swiss Supervisory Authority. This report is to be submitted in June, and

**D- Other**

1. Advice to GCERF on potential improvements as appropriate and allowed by professional standards,
2. Timely information sharing and routine consultations on developments in accounting and auditing standards and trends where these are considered relevant to GCERF.

GCERF expects that those services would be rendered in a highly collaborative and professional manner, with sufficient planning time and stable designated focal points. GCERF expects the audit firm to have well established handover and orientation processes whenever a member of the audit team changes.

# **Characteristics of the provider**

The selected provider should be a reputable audit firm with an established clientele that includes non-profit sector clients that work internationally.

The provider must comply with all applicable laws and regulations. It should adhere to a strict confidentiality policy in relation to client information.

Its staffing levels, qualifications and expertise should be appropriate to be able to provide timely and high quality services to GCERF. The provider should demonstrate a high degree of commitment to service quality. The composition of the team servicing GCERF’s account would be an important factor in the decision-making process of GCERF.

The fees charged should be reasonable, competitive, and related to services rendered to the extent possible.

# **Submission of proposals**

Proposals may offer the total required services or only part thereof. The bidder shall indicate precisely which specific services it intends to provide.

Proposals should follow the template provided below. Failure to follow the proposal structure or to comply with the instructions in this Request for Proposal will be at the bidder’s risk and may affect the evaluation of the proposal**.**

The proposal includes the following sections:

1. Disclosure form
2. Profile of the bidder
3. Technical proposal
4. Financial proposal

Please keep the overall proposal within 10 pages. You may annex additional information as needed.

Proposals shall be sent by email to bids@gcerf.org in the form of “pdf files” clearly marked “Bid reference: 2020-10”.

**Deadline: 04 September 2020**

# **Period of validity of the proposal**

The proposal must be valid for a period of 150 days following submission.

# **Cost of preparation and submission of the proposal**

The bidder shall bear all costs associated with the preparation and submission of the proposal, including but not limited to the possible cost of discussing the proposal with GCERF, making a presentation, negotiating a contract and any related travel. GCERF will in no case be responsible or liable for those costs, regardless of the conduct or outcome of the selection process.

# **Selection of bidders**

Bidders are requested to provide the most appropriate and most cost-effective solution to meet the requirements.

The selection will be made based on a number of criteria that will be applied systematically to all bids received.

Selection criteria include:

1. Credibility of the firm to provide the required services
2. Adequate methodology and approach to meet GCERF requirements
3. Proposed team
4. Quality of the proposal
5. Value for money offered by the proposal
6. Compliance with legal requirements and independence

*Important note on the selection process:*

* A short list of potential providers will be established following the review and assessment of the proposals received.
* Short listed firms will be invited to a meeting and may be asked to prepare a presentation for this purpose.
* The GCERF Secretariat will make a recommendation to the Board for the selection of the External Audit firm. The Board will provide final approval of the engagement of the firm before or at its December 2020 meeting at the very latest. Attendance of the firm at that meeting may be requested by the Board.

**Proposal template**

### *Disclosure form*

*To be completed by a duly authorised representative of the Bidder: On behalf of (name of public institution/private or public business entity/myself) (referred to in this document as "the Bidder"), I (name and title of the Bidder's representative) confirm that I am a duly authorized representative of the Bidder and hereby submit this proposal in response to GCERF’s Request for Proposal 2020-10.*

*I confirm that all statements and representations made in the proposal are true and correct.*

Date submitted:

Submitted by: (Name of Bidder)

Name and Title of Authorized Representative:

Date:

Signature

### *Profile of the Bidder*

Please provide a brief background of the Bidder.

Please explain the legal status of the bidder; including its registration with the relevant competent authorities.

Please explain your organizational strengths and values and your customer service approach.

Please provide information on prior experience with similar requirements and references that GCERF may contact.

### *Technical Proposal*

1. Business need: Please indicate your understanding of GCERF’s business needs for which you are submitting this proposal.
2. Objectives and deliverables:

Please list the deliverables as specified in this Request for Proposal and indicate whether and how the Bidder commits to deliver these.

Optional: Present deliverables not listed in this Request for Proposal but which in your expert assessment, are necessary to achieve the objectives of this request.

1. Approach:

Please provide information on the following:

1. Methodology/approaches/standards you would use to provide the various required services.
2. Please make sure to discuss the following aspects in particular:

* assessment of the auditee’s internal control environment,
* escalation of technical issues that may arise in the course of the audit,
* use of information technology, and
* Interaction with the Board (Audit Committee and/or full board if there is no audit committee).

1. Please also clarify the audit standards and approach you would use in relation to the report to the Swiss Regulatory Authority.
2. Workplan: key tasks/phases, deliverables, schedule of activities - may be presented using text and/or graphics;
3. Measures to ensure quality control over the delivery of services to GCERF;

Please make sure to describe the following elements in particular:

* the main aspects of your firm’s system of internal quality insurance your firm uses, and
* your firm’s approach to ensure appropriate services to non-for-profit sector organizations.

1. Approach used by the firm to establish, monitor, and maintain independence,
2. Approach used by the firm to maintain audit team members’ knowledge of accounting and auditing standards and trends,
3. As required by regulation 2CFR200-Subpart F, please provide information on peer or external quality control reviews of your firm that have been conducted in the last two years: When were they conducted and by whom?
4. Service Management Plan:

Please provide details for how your firm would ensure that it provides satisfactory services to GCERF. Please explain how you would coordinate the service offering, including proposed meetings and any proposed mechanism for feedback to and/or coordination with GCERF.

1. Team Composition:

Please provide the following information on the proposed team that would work with GCERF:

* Team composition, role of each team member and expected level of effort
* Individual team members: partner(s), audit manager(s) and other potential key roles at a minimum; name, role in the team, area/level of expertise and relevant experience.

1. Risk Mitigation Plan:

Please list any identified risks which may affect the successful delivery of services and any proposed mitigating measures.

1. Assumptions (optional):

Please list the assumptions on which your proposed approach and successful completion of deliverables are based that you think would be important for GCERF to understand.

1. References:

Please provide a list of references with contact information that GCERF could contact as references for external audit services both for the regular annual audit and audits required by donors. The list should ideally include 3 clients from the not-for–profit sector who have received services from the proposed team or the proposed team lead at a minimum.

1. Other Disclosures:

* Please explain whether your firm would be facing any potential or actual conflict of interest in providing those services to GCERF and how you propose to address them.
* Please also confirm that your firm is not facing any legal or reputational issue that may impact its ability to provide services to GCERF.

### *Financial Proposal*

Please explain the basis of the proposed fees and any other charges to GCERF and their estimated level for 1- the general audit (deliverable A) and 2- an audit conducted in compliance with 2CFR200-Subpart F in conjunction with the annual audit and (deliverable B.5). Please note that GCERF is exempt from VAT. Please include basis for invoicing and terms and conditions for payment.

**Annex 1: GCERF 2019 Financial Statements (without the auditor’s opinion)**

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