

Annex A

Capacity Building and Monitoring Services of Procurement activities of UNHCR partners

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1. Introduction:

1.1 Background:

The Office of the United Nations High Commissioner for Refugees (UNHCR) invites accounting/audit services companies / cabinets to submit a proposal for the provision of capacity building and monitoring services, reviewing the capacity of UNHCR Partners to undertake effective procurement and their compliance with their approved Procurement procedures, as per the UNHCR's procedures on partnership management.

UNHCR Partner (hereafter also referenced as Partner) is defined as an entity to which UNHCR has entrusted the implementation of programmes and projects specified in a signed partnership framework agreement and project workplan, along with the assumption of full responsibility and accountability for the effective use of resources and the delivery of outputs as set forth in such an agreement. The entity for this purpose could be an international or national non-governmental body, or another not-for-profit partners.

1.2 Purpose & Objective:

UNHCR Lebanon-operation wishes to improve the monitoring mechanism of procurement undertaken by Partners with allocated UNHCR funds and assess and enhance the partner's capacity in carrying out effective, compliant procurement processes. The monitoring approach should be compliance and risk-based, taking into account information gathered on appropriate staffing, bodies in place to ensure segregation of duties, and the management of the entire procurement cycle, such as the selection process, monitoring activities, volume of transactions, delegation of authority, thresholds, potential risks and other procurement related activities.

The monitoring should not only provide value to UNHCR and its stakeholders by assuring that funds are spent for their intended use; It should also provide relevant and easily accessible information for decision makers and managers. Specifically, it should:

- Provide a report with observations and recommendations to UNHCR and its partners in order to review the capacity of the partners following a SWOT analysis (Strengths Weaknesses Opportunities and Threats) on the review with the Partner.
- Review and update risk profiles of the partners, develop action/remediation plans and identify Partner capacity development requirements.

2. Requirements:

2.1 Relevant reference documents/procedures:

The following documents are building the general framework of rules and regulation and relevant excerpts will be made available upon contract signature. The monitoring is expected to be carried out in accordance to these TORs and against the following documents:

- Procedures on Partnership Management
- Partnership Management Guidance Note
- Partner own Procurement Rules and Regulations
- The signed Partnership Framework Agreement, Project Workplan and its annexes

Disclaimer: Some of the above documents are currently under UNHCR internal review and might be replaced by a new version during the course of the tendering process or the contract term. The selected bidder will be expected to familiarize themselves and apply the new version once provided by UNHCR.

The TOR is for the use of the UNHCR and will aim to enhance capacity of the partners to undertake procurement.

2.2 Scope of Engagement:

UNHCR views Partners as entities who share common humanitarian goals and has been provided financial assistance to implement a project. For that purpose, UNHCR enters into Partnership Framework Agreements (PFAs), allocating funds for the Partners to undertake projects including procurement on UNHCR's behalf. Given the high risks related to procurement, UNHCR issues guidance for the Partners on how to conduct their procurement actions, aligned with the rules and regulations (listed above) applicable for procurement by any UN agency.

I. In order to facilitate monitoring and capacity building of the partners, UNHCR is interested to seek services for the following three areas:

1. To develop standard procurement monitoring report templates in close consultation with UNHCR. The report templates should streamline the format of each of the reports, while capturing all required points as described hereafter;
2. UNHCR may seek the selected firm's services at the Partner selection phase, before the allocation of funds for procurement, or during the duration of an on-going PFA, in order to assess if the partner has the capacity to carry out procurement with UNHCR funds, and/or if the partners internal procurement regulations are in line with UNHCR requirements; and applying the regulations and guidelines in practice.
3. Build the capacity of partners procurement staff through an agreed upon & cleared training package.

II. Monitoring Reports:

The monitoring will be randomly performed. The Monitoring Company and UNHCR will agree on a timetable and plan to:

- Identify the partners that will be monitored (all partners should be monitored at least once per fiscal year, as will be advised by UNHCR)
- Agree on monitoring report delivery.

The final report following each assignment shall express the findings on whether the Partner is complying with UNHCR's regulation and guidelines for Partner procurement and the partner's internal procurement policies, and if inherent risks could be detected. The Monitoring Company shall prepare the documentation according to the Annexes and documents mentioned under para 2.1, obtain sufficient appropriate evidences to support findings and to provide key recommendations that will be considered by the partner for further improvement.

All assessment should focus on (but not be limited to) the below listed topics:

- a) Segregation of duties within the requisition, procurement and payment processes
- b) Authorization schedule for procurement and payment (thresholds/delegation of authority)
- c) Competitive bidding:
 - o Definition and thresholds of tender documents (RFQ, ITB, RFP)
 - o The bid opening committee
 - o The technical evaluation committee
 - o The financial evaluation committee
- d) Waiver of competitive bidding procedures
- e) Vendor Management Procedures
- f) Procurement process documentation
- g) Code of conduct for employees and for suppliers

III. Reporting language:

Any report and correspondence are to be produced in **English**.

IV. Locations: The services will have to be carried out at:

- The offices of the contracted firm when it comes to developing and writing reports
- The offices of UNHCR Partners for which the firm was assigned to produce a monitoring report
- The UNHCR office in Beirut for quarterly debriefings

All travel to be organized by the contracted firm, and proposed fees should be inclusive of any travel costs.

V. Project management/assignment allocation:

UNHCR will assign a focal point as primary contact for the selected firms, who will issue purchase orders (PO) that will contain the actual assignment. The PO will detail:

- The Partner for which the report has to be prepared
- The type of assessment required (before or during the PFA establishment)
- The Partner offices (locations) to be visited
- The duration of the assignment

UNHCR will select one or multiple firms to be Frame Agreement holders for the required services.

VI. Contract period:

UNHCR intends to establish Frame Agreement (s) for an initial period of two (2) years, potentially extendable for an additional one (1) year.

2.3 Required qualifications:

The procurement monitor is a professional accountant or a firm of professional accountants that is a member of a national accounting or auditing body, or institution which in turn is member or, associate of:

- either the International Federation of Accountants (IFAC)
- either a national accounting or auditing body or institution that is a recognized regulatory body of professional accountants and auditors
- either registered as a statutory auditor in the public register of a public oversight body in third country (applies to auditors and audit firm based in a third country)

The Monitoring Company leading staff (monitors) should be composed of highly qualified experts with relevant professional qualifications and assuming or having assumed senior responsibilities in public audit practice.

In particular, the procurement monitor(s) would have the following expertise and experience including:

- Experience working with UN agencies, Government and NGOs, funding public sector or similar entities
- Procurement management, financial management, risk management and audit
- Organization development and management and information systems
- Strong analytical skills, field assessment and research
- Excellent drafting and communication skills
- Fluency in English
- Computer proficiency with experience in procurement management systems/software
- Be ready to undertake field visit in various locations in Lebanon, where UNHCR Partners are based

The Monitoring Company and its staff must be completely impartial and independent from all aspects of management or financial interests in the partner being reviewed. The staff should not, during the period covered by the monitoring nor during the undertaking of the monitoring, be employed by, serve as director for, or have any financial or close business relationships with any senior participant in the management of the Partner.

Team Composition:

The composition of the Monitoring Team shall be such that it is able to comply with the International Standards on Auditing and Quality Control for firms that perform audits, reviews historical financial

information and conducts other assurance and related services engagements. The team of Monitors required for this engagement will be composed of a mixture of experts with different categories and variable seniority. This should include a highly qualified expert(s), team leader(s) and monitor assistant(s) with fluency in English and Arabic (reports and correspondence must be on high level of accuracy in English). The number of these monitors will vary according to the subject, volume, and size of the Partner and its programme.

2.4 Contract deliverables: The monitoring would take place per partner based on a workplan.

2.4.1 The objectives of the assignment are to enable the monitor to:

- Express an opinion on whether the partner procurement activities are in line with their guidelines and relevant UNHCR partnership management procedures annexed to their agreement.
- Provide recommendations that will serve to build capacity of partners.

Monitor partners as per the workplan provided by UNHCR during the Frame Agreement in order to cover an estimated 26 current UNHCR partners (subject to change) working inside Lebanon.. The selected firm is expected to develop Standard Monitoring Report Templates in consultation with UNHCR.

2.4.2 -At the end of each assignment the contracted firm has to submit the following:

1. Detailed Monitoring Report, containing:
 - a. Partner Procurement Capacity Assessment: (use UNHCR template)
 - Observation/Findings:
 - On the Partner's capacity (knowledgeable dedicated staffing) to undertake the procurement under consideration
 - On the Partner's internal regulation and guidelines and their coherence with UNHCR rules and regulations governing Partner procurement
 - On the Partner's organizational structure and the capacity to scale up if when needed
 - On partners e-procurement systems in place and embedded security, controls, and audit trails.
 - Remarks
 - a.1: For on-going procurement activities assessment:
 - Observation/ Findings - The monitoring work shall cover the competitiveness, transparency and effectiveness of the procurement activities of the project in order to ensure that the goods and services purchased meet the requirements and include - *inter alia* - the following:
 - On the Partner's capacity, knowledgeable dedicated staffing undertaking the assigned procurement actions under the established PFA (as applicable: delegation of authorities, procurement thresholds, call for bids and proposals, evaluation of bids and proposals and

approval/signature of contracts and POs; management and control over the variation' orders)

- On the Partner's procurement actions and their coherence with their approved Procurement guidelines and UNHCR rules and regulations governing Partner procurement
- On the Partner's documentation and their coherence with UNHCR rules and regulations governing Partner procurement
- On the Partner's organizational structure put in place to perform the necessary segregation of duties

➤ Risk Profile

➤ Recommendations

b. Report on previous recommendations/performance improvement (Follow-up):

➤ Observation/Findings (as above):

- On improvements made
- Remaining compliance concerns
- Any new findings in line with these TOR

➤ Risk Profile

➤ Recommendations

2.4.3 General guidelines for the required reports:

Whenever the monitor expressed an opinion, a clear description of substantive reasons should be included in the report and, unless impracticable, a quantification of the possible effect(s) on the procurement activities and related project.

The Monitoring Company shall use the below minimum indicators: - Categorization of Findings by Risk Severity:

- **High** Action that is considered imperative to ensure that UNHCR is not exposed to high risks (i.e. failure to take action could result in major negative consequences and issues)
- **Medium** Action that is considered necessary to avoid exposure to significant risks (i.e. failure to Take action could result in significant negative consequences)
- **Low** Action that is considered desirable and should result in enhanced control or better value for money

Classification of possible causes of Findings:

- **Compliance** Failure to comply with prescribed UNHCR regulations, rules and procedures
- **Guidelines** Absence of written procedures to guide staff in the performance of their functions
- **Guidance** Inadequate or lack of supervision by supervisors
- **Human errors** Mistakes committed by staff entrusted to perform assigned functions
- **Resources** Lack of or adequate resources (funds, skills, staff, etc.) to carry out an activity or function

2.4.4 Timeframes:

UNHCR and the Monitoring Company will agree on a workplan and timetable for the exercise. The date of the PO issuance is the official starting date of the monitoring & assessment services. Therefore, the Monitoring Company should contact the Partner soon, in order to initiate the monitoring exercise.

According to the nature/complexity of the project, the timeframe for each assignment will be set in the PO. In case of concerns or foreseen delays, the Monitoring Company shall notify UNHCR immediately.

2.5 UNHCR Responsibility:

In connection with the monitoring, UNHCR and the Partner will provide to the Monitoring Company:

- a) UNHCR will appoint a focal point for this project, who will act as contact person and who will allocate the assignments under the contract
- b) UNHCR will ensure that Partners are informed well in advance of the monitoring activities to be conducted in their premises
- c) Access to all information that UNHCR and the Partner are aware of and that is relevant to the engagement such as records, documentation and other matters, the Agreement signed between UNHCR and the Partner, and any related regulations and procedures
- d) Additional information that the Contractor may request from UNHCR and the Partner for the purpose of the report; and
- e) Facilitation of access to persons working with the Partner

As part of the review, the Contractor will request, from management of the Partner, written confirmation concerning the validity and truthfulness of all representations/documentation made by the partner to the monitoring team.

3. Technical Offer:

3.1 List of minimum submission content:

The technical component of your proposal should be concisely presented and structured as indicated in **Annex B Technical Response form**, to include, but not necessarily be limited to the following information:

- Proof that the company is registered and licensed by the Government of Lebanon (GoL) to provide monitoring/audit services Company Profile/Organization Capability/Relevance of Specialized Knowledge and Experience in similar projects
- Financial statements, audit reports of the past two years
- Description of methodology, approach and work plan to carry out the proposed services
- At least one (1) work sample of previous issued audit report
- At least one (1) work sample of previous issued monitoring report
- CVs of proposed personnel (max. 2 pages each)
- Vendor Registration Form, including valid business bank account (filled in and signed **Annex D**).
- Acknowledged of UNHCR General Conditions of Contracts **Annex E** (submission of a bid is deemed acceptance).
- UN Supplier code of conduct **Annex F**
- Vendor Confirmation on Sanctions clearance **Annex H**
- Any additional documentation proofing the expertise and capacity to fulfil the required services

3.2 Technical evaluation: The Technical offer will be evaluated against the following criteria:

Company Qualifications	<ul style="list-style-type: none"> • References/Reliability • Certifications • Company Profile/ Core Business
Relevant Experience	<ul style="list-style-type: none"> • Proof of relevant experience (POs, Contracts...etc.) • List of entities i.e. UN. Government, NGOs, Companies...etc.
Personnel qualifications	<ul style="list-style-type: none"> • Qualifications of Project Manager (CV/Certifications) • Proposed Project Team (CVs)
Project management, time frame/schedule, methodology and approach of services	<ul style="list-style-type: none"> • Understanding of the requirement (description of methodology and approach) • Monitoring Report - Work Sample • Audit Report- Work Sample • Proposed Monitoring Report and Work Plan

Each criterion will be weighted to reflect the relative importance among them and evaluated by using a standard rating scale. Technical criteria will be subject to minimum passing scores; if a bid does not meet these minimums, it will be deemed technically non-compliant and will not proceed to the financial evaluation.

4. Key Performance Indicators:
4.1 Performance evaluation:

UNHCR expects to monitor the performance of the selected supplier against the following Key Performance Indicators (KPI):

- Development of standard reporting forms within determined timeframe
- Submission of monitoring reports following each assignment on time
- Accuracy of submitted monitoring reports (mistakes, necessary rewrites)
- Reports provide actionable recommendations

5. Payment terms: UNHCR payment term is within 30 days of receiving of final and cleared invoice.

5.1 Condition for release of payment:

- The contractor should submit the final invoice supported with attendance sheet and composition of the team members
- The UNHCR MFT in the respective office should certify the payment based on the contractor submitted documents and feedback from the partner

Expected Impact of the Project and its link to UNHCR's Global Strategic Priorities

The application of an effective monitoring and capacity building exercise on Partner procurement will contribute to the following priorities:

- Strengthening UNHCR's financial management and accountability
- Organizational development and capacity building of UNHCR partners

[ANNEX-1](#)

Complementary Technical Response Form - Monitoring Team Size

RFP/2023/029

Capacity building and monitoring services of procurement activities of UNHCR Partners in Lebanon

Monitoring Team Size		
Partner Expected Procurement Volume (in USD)	Expected number of partners in this category	Proposed Number of Monitors (to be informed by the bidder)
Up to USD 200,000	13	
From USD 200,001 to USD 500,000	3	
From USD 500,001 to USD 1,000,000	7	
From USD 1,000,001 to USD 2,000,000	2	
From USD 2,000,001 to USD 3,000,000	1	
Above USD 3,000,001	0	
Expected number of partners to be assessed (indicative number only)	26	