



**Office of the President of the Philippines**  
**OFFICE OF THE PRESIDENTIAL ADVISER ON THE PEACE PROCESS**

**REQUEST FOR QUOTATION**

1 March 2018

The Office of the Presidential Adviser on the Peace Process (OPAPP), through its Bids & Awards Committee (BAC), invites interested Auditing Firms/Organizations, to submit *lowest* and *responsive* quotation for the Consultancy Services on External Financial Audit of the Mainstreaming Peace and Development in Local Governance in the Philippines (MPDLGP). Details of which are as follows:

A. Name of the Project	<b>External Audit of the MPDLGP Projects.</b>
B. Source of Fund	<b>General Appropriations Act of 2018.</b>
C. Approved Budget for the Contract (ABC)	<b>Six Hundred Thousand Pesos (PhP600,000.00)</b>
D. Mode of Procurement	<b>Negotiated Procurement-Small Value Procurement (R.A. 9184).</b>
E. Technical Requirements	<b>Please see Annex "A".</b>
F. Documentary Requirements	<b>1) Mayor's/ Business Permit; 2) PhilGEPS Registration Certificate; 3) Latest Income/ Business Tax Return; 4) Omnibus Sworn Statement in accordance with sec. 25.3 of the 2016 IRR of RA 9184; 5) Detailed matrix of compliance or brochure or product catalog.</b>

**I. Terms & Conditions**

- a) The ABC is inclusive of applicable taxes.
- b) Bid offer exceeding the ABC shall be automatically disqualified.
- c) The bid offer must be valid for Thirty (30) calendar days upon receipt by the procuring entity.
- d) Documentary requirements must be submitted on or before the deadline of submission of bids. Late bids will not be accepted.

If you intend to send your bids through a courier, please ensure that we shall receive it before the deadline of submission of bid ends.

- e) Bids must be submitted in a sealed envelope with the (i) bidder's complete (postal) address; & (ii) telephone number, fax and email address printed under its postal address.

Unsealed bids will not be accepted.

- f) All quotations shall be considered as fixed price and not subject to price escalation.

II. Terms of Payment

- Please refer to the attached TOR.

III. Place of Delivery & Acceptance:

5th Floor, Agustin I Bldg.,  
F. Ortigas Jr. Road  
Ortigas Center  
Pasig City

IV. Submission of the Expected Deliverables

- Please refer to the attached TOR.

V. Deadline of Submission of Bids

Bids/Quotations must be submitted on or before 19 March 2018, 4 o'clock in the afternoon.

The OPAPP reserves the right to reject any and all quotations or bids, declare a failure of bidding or not award the contract in accordance with Section 41 of the IRR of R.A. 9184.

The contract will be awarded to the **lowest quotation** and **responsive** to our specifications and requirements.


For further inquiries, please coordinate with the BAC Secretariat at telephone number (02) 636 0701 local 818.

*Sincerely,*



**MS. BERNARDITA B. DABASOL**  
Program Manager II, DCPU

*Approved by:*



**ARVIN C. CHUA**  
Director IV, DCPU

x-----x

*After having carefully read and accepted your terms and conditions, our best offer for the procurement of the above listed goods is \_\_\_\_\_ (Please fill-in details: amount in words)\_\_\_\_\_ (PhP \_\_\_\_\_00).*

Company Name: \_\_\_\_\_  
Authorized Representative: \_\_\_\_\_  
Signature: \_\_\_\_\_  
Position: \_\_\_\_\_  
Contact No.: \_\_\_\_\_  
Address: \_\_\_\_\_



## EXTERNAL FINANCIAL AUDIT OF THE MAINSTREAMING PEACE AND DEVELOPMENT IN LOCAL GOVERNANCE IN THE PHILIPPINES (MPDLGP)

### TERMS OF REFERENCE

#### I. BACKGROUND

The Mainstreaming Peace and Development in Local Governance in the Philippines (MPDLGP) project, funded under the Spanish Government's Agencia Española de Cooperación Internacional para el Desarrollo (AECID), is an initiative of the Office of the Presidential Adviser on the Peace Process (OPAPP) and the Department of Interior and Local Government (DILG) through the Local Government Academy and the Bureau of Local Government Development, which aims to build the institutional capacities of the local government units (LGUs) for them to better manage conflict and implement peace and development initiatives that would address the root causes of conflict in their localities. The MPDLGP project also served as a complementary project to the PAYapa at MASaganang PamayaNAn (PAMANA), the Philippine government's convergence project for rehabilitation and development in conflict-affected areas.

The project sought to achieve the following outcomes:

1. LGUs have enhanced institutional capacities in pursuing local peace and development plans and projects in areas affected and vulnerable to conflict; and
2. Civil society organizations (CSOs) and other local stakeholders enhanced their participation in local governance and peace building.

The project has a total funding of €1,500,000 from December 2011 to 30 September 2015, which was extended up to 30 June 2017. Along the project implementation, emerging needs and issues led to revisions in the project's operations plan, such as changes in project types and budget reallocation. In 2014, the project funds were allocated for Pillar 1 initiatives on mainstreaming conflict-sensitivity and peace-promotion (CSPP) in local government institutions under PAMANA. As a result, MPDLGP funds were realigned to other interventions meant to support PAMANA Pillar 1 initiatives, such as funding development projects to serve as opportunities for local government units to implement interventions that they identified through conflict-sensitive programming. As of April 2017, there are still available funds from the MPDLGP project for realignment to existing and/or new interventions supportive of the peacebuilding agenda.



## II. SCOPE OF WORK

The External Financial Audit shall be carried out in accordance with International Standards on Auditing (ISA) issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants and shall include such tests and controls as the External Audit Team considers necessary under the circumstances.

The External Auditor shall obtain an understanding of the Grant's accounting system, to assess its adequacy as basis for the preparation of the project financial statements and to establish whether adequate records have been maintained.

Although responsibility for preventing irregularity, fraud, or the use of grant's proceeds for purposes other than as defined in the Grant Agreement remains with the OPAPP, the audit shall be planned so as to have a reasonable expectation of detecting material misstatements in the project financial statements.

The External Auditor shall pay special attention to key account balances, particularly the grant portfolio, cash and equivalents, and fund balances, including the following:

- All external funds have been used in accordance with the relevant Grant Award Resolution and other financing agreement, with due attention to economy and efficiency and only for the purposes intended;
- Counterpart funds have been provided and used in accordance with relevant financing agreements with due attention to economy and efficiency and only for the purposes intended;
- Goods and services financed have been procured in accordance with the financing agreement;
- All necessary supporting documents and records have been kept and there is a clear audit trail between such records and the reports presented to the Bank; and
- Expenses are charged against the correct category in accordance with the Grant Agreement.

The External Audit shall cover the MPDLGP project to examine and evaluate the following:

- 1) Financial Statements;
- 2) Expenses charged against the respective Category in accordance with the Grant Agreement;
- 3) Approval and authorization evidence prior to payment;
- 4) Accuracy of accounting records in terms of figures and adequacy of supporting documents;
- 5) Evidence of payment, bank records and reconciliation (including government counterpart funds account) and
- 6) Records of the fixed assets purchased, including the physical inventory.



The External Financial Audit shall cover all 23 project sites where the grant funds have been spent or utilized with appropriate verification of physical accomplishments on a test basis.

### **Grant Financial Statements**

The Grant Financial Statements consist of:

- a) A summary of Sources and Uses of Funds showing separately funds received from (a) the AECID; (b) the government as counterpart funds and (c) other donors. Expenditures incurred should be shown by grant component and category.
- b) A Balance Sheet showing accumulated grant funds, bank balances and other assets and liabilities.
- c) Notes to the Grant Financial Statements which should include reconciliation between amounts shown in the records as having been received from AECID and that shown as having been disbursed by the Bank.

### **OPAPP-MPDLGP Trust Account**

Movements on the OPAPP-MPDLGP Trust Account usually comprise (a) deposits and replenishments; (b) payments; and (c) interest that may be earned from the balances and which belong to the recipient.

The External Auditor is also required to audit the activities of the OPAPP-MPDLGP Trust Account in order to form an opinion as to the degree of compliance with the government's procedures for operating the Trust Account. Tests conducted in this regard should examine the eligibility and of transactions processed through the OPAPP-MPDLGP Trust Account in the period under review, the operation of the OPAPP-MPDLGP Trust Account in accordance with the financing agreement and the adequacy of internal controls surrounding the operation of the Trust Account.

### **III. DESCRIPTION OF THE ENGAGEMENT**

Submission of the audited Grant Financial Statements, including the management letter is a requirement under the Grant Agreement. The External Auditor is responsible for forwarding two copies of the audited Grant Financial Statements and Management Letter to the OPAPP.

The External Auditor shall be given access to all documents, correspondences and any other information associated with the MPDLGP grant and considered necessary by the External Audit Team.



The External Auditor should become familiar with the government’s policies on financial management and disbursements. All documents may be provided by the Project Management Team.

**Duration of the External Financial Audit**

The External Financial Audit shall be done with proper planning such that the expected deliverables are submitted for use by OPAPP no later than 90 days since the commencement of the audit processes.

The following is the complete timetable of the engagement:

Activities	Time Period
Submission of the technical and financial proposal from the qualified auditor	March 19
Review and approve the technical and financial proposal	March 20-23
Conduct the audit processes	April 2 – 30
Submit the expected deliverables to OPAPP	May 1 - 10

**Approved Budget Contract**

The approved budget contract for the External Financial Audit is PHP 600,000.00, which is gross of all applicable taxes. This amount covers professional fees for the External Auditor, field researchers, and data processors. The payment shall be divided based on the following milestones:

Tranches	Payment Milestones	Amount
1 <sup>st</sup> Tranche	Signing of contract of OPAPP and qualified auditor	PHP 90,000.00 <i>(15 percent of the total payment)</i>
2 <sup>nd</sup> Tranche	Submission of the expected deliverables to OPAPP as stated in Sec. VI	PHP 450,000.00 <i>(75 percent of the total payment)</i>
3 <sup>rd</sup> Tranche	Retention fee	PHP 60,000.00 <i>(10 percent of the total payment)</i>



**Communications with the Project Management Team**

The External Auditor shall be required to present its audit approach and planned audit program to the Project Management Team through its technical and financial proposal before commencing the engagement.

**Others**

All letters, correspondences, and deliverables should be addressed to:

**SECRETARY JESUS G. DUREZA**  
 Presidential Adviser on the Peace Process  
 5/F Agustin I Building  
 F. Ortigas Jr. Road, Ortigas Business Center  
 San Antonio, Pasig City 1605

Thru: **UNDERSECRETARY DIOSITA T. ANDOT**  
 Executive Director

**IV. QUALIFICATIONS OF THE EXTERNAL AUDITOR**

The External Auditor shall possess the following qualifications:

Qualifications	Definitions
Range of Applicable Experience	Number of consultancy contracts completed in the last five (5) years covering programs that are similar in scope to MPDLGP, based on the following characteristics: <ul style="list-style-type: none"> <li>▪ Multi-component, involving several interventions</li> <li>▪ Multi-stakeholder (government, civil society organizations, etc.)</li> <li>▪ Relevant to peace and development</li> </ul>
Credentials	Number of consultancy contracts completed in the past five (5) years  Required competencies / qualifications / experiences to undertake the engagement <ul style="list-style-type: none"> <li>▪ With more than five years of experience in conducting financial audit</li> </ul>





## V. TECHNICAL AND FINANCIAL PROPOSAL

The External Auditor shall provide a technical and financial proposal for the engagement within 10 days upon notification of its selection to conduct the External Financial Audit.

The technical proposal should include the following:

- a. **Understanding of the work.** Demonstrate understanding of the government and development work industry, and the nature of the work.
- b. **Audit approach.** Describe the proposed approach, timing of tasks, and quality control procedures.
- c. **Auditor.**
  - (i) *Technical Competence.* The External Auditor shall provide a brief summary of qualifications and experience, including education and qualifications, memberships in professional audit or accounting associations and details of audit and accounting work experience, including experience in foreign assisted projects and grants.
  - (ii) *Independence.* In general, the External Auditor shall be impartial, objective and independent from any aspects of management or financial interest of the Grant. The External Auditor shall not, before or during the period covered by the audit, have been or be employed by, or serve as advisors, or have any financial or close relationships (whether business or personal) with the OPAPP or with any of its senior management.
- d. **Experience.** Provide the following information: financial institutions experience, audit practice, audit standards and procedures.

## VI. EXPECTED DELIVERABLES

The External Auditor shall provide the following key outputs:

1. Audited Grant Financial Statements (including MPDLGP's Statement of Cash Receipts and Disbursements)
2. Auditor's Report and Opinion
3. Management Letter

### **Audit Report**

The Audit Report on the Grant Financial Statements shall include the following:

- a) A title identifying the person or persons to whom the report is addressed;



- b) An introductory paragraph identifying the financial statements audited;
- c) Separate sections, appropriately headed dealing with (i) respective responsibilities of directors (or equivalent persons), (ii) the basis of the auditor's opinion, and (iii) the auditor's opinion on the grant financial statement;
- d) The manuscript or printed signature of the auditor; and
- e) The date of the External Auditor's report.

### **Audit Opinion**

The Audit Report shall contain a clear expression of opinion, based on conclusions drawn from evidence obtained in the course of the audit on the fairness of the Grant Financial Statements and eligibility of the items claimed.

### **Management Letter**

The External Auditor shall be required to prepare a Management Letter. In the Management Letter, the External Auditor shall:

- a) Provide comments on the adequacy of the financial management system of the OPAPP-MPDLGP Trust Fund Recipient, including accounting records, systems, and controls that were examined during the audit, including but not limited to systems for handling and recording, adherence to policies and procedures in the grant agreement and disbursement process in the project finance manual;
- b) Include recommendations for improvements where specific weaknesses are identified in any of the above systems and controls; and
- c) Communicate any other matters identified during the audit that might significantly affect the future implementation of the Grant's function, or that the External Auditor considers pertinent.