

# **Request for Proposals for Auditing Services**

The OHR is requesting proposals from qualified professional auditing firms to conduct an independent audit of the following:

**LOT 1:** *Brcko District Government's construction assistance program.*

**LOT 2:** *Brcko District Government's disposals of public property.*

**LOT 3:** *Process of Privatization of Enterprises in Brcko District.*

The tender information is given in the following order:

## ***I) Background***

## ***II) Proposal Submission Conditions***

## ***III) Selection and Award***

## ***IV) Proposal Submission and Deadline***

## ***V) Statement of Work***

### **I - Background**

Brcko District

The Brcko District is a single administrative unit of local self-government existing under the sovereignty of Bosnia and Herzegovina. Brcko is placed under international supervision (Brcko Final Award / Brcko Arbitration – August 18, 1999, available at OHR website: [www.ohr.int](http://www.ohr.int)).

The Brcko District Government serves an area of 493 square kilometres with a population of ca. 90,000. The Brcko District Government has a total budget of KM 202 million and close to 3000 employees (figures for Y2004). Organizational chart of the Brcko District Government s available at [www.brcko.ba](http://www.brcko.ba).

### **II - Proposal Submission Conditions**

The proposal must be in English, and include one original and one copy.

Bidders can submit proposals for each of the Tender sections (LOT).

Proposals **for each LOT** shall contain the following:

1. **Name and address of the company**, contact phone number, e-mail and name of the contact person.
2. **Work scheduling proposal** with the earliest start date and latest date for completion.
3. **Description and methodology for the performance of the audit, control reviews, preparation of the draft report, and follow-up and final report formulation.** The draft audit report shall be submitted promptly to OHR for review after the audit and study data collection has been finished. **Remark:** All supporting documents collected during the fieldwork are part of the contract and must be provided with the (draft) final version. The final version of the Audit should be available for OHR 4 weeks after OHR has reviewed the draft and necessary and requested corrections have been incorporated. Alternatively, the contractor should provide a time schedule following the above-mentioned time frame; this schedule is subject to approval by OHR.
4. **Detailed CVs of team members to conduct the audit.**
5. **Client list of other audits similar in scope, with contact details for at least 3 named individuals to**

**whom the OHR can refer for personal references.**

6. **Detailed break down of costs and terms of payment in EURO.** The price shall include all costs related to the work such as audit fees and out-of-pocket expenses (travel, accommodation, subsistence and other costs). OHR standard payment terms are by bank transfer 30 days after delivery/final report and upon receipt of an invoice.

7. The proposal must be valid for acceptance for 90 days, and the price fixed for the duration of the contract.

8. OHR is a diplomatic organisation within Bosnia and Herzegovina and is exempt from payment of all taxes and duties associated with purchases. Your price should therefore be free of all such taxes and duties.

### **III - Selection and Award**

The bids will be considered by the OHR against the stated scope of work, the individuals and methodology proposed, price, timeframe, and any other relevant elements. The OHR team may wish to interview bidders.

OHR reserves the right to enter into negotiations with any bidder or to end the Tender without awarding the contract. OHR will not bear any costs of bidders related the preparation of proposal.

### **IV - Proposal Submission and Deadline:**

The proposal(s) should be in sealed envelope **separately for each LOT**, clearly marked "REQUEST FOR PROPOSALS FOR AUDITING SERVICES - LOT (1, 2 or 3)" and delivered **NO LATER than 15<sup>th</sup> April 2005 to the following address:**

#### ***OHR***

*Head of Logistics*

*Emerika Bluma 1*

*71000 Sarajevo,*

*Bosnia and Herzegovina*

#### **Questions:**

We believe you have all the information necessary to prepare your proposal, but any questions or requirements for clarification, should be in writing only to the Head of Logistics on e-mail: [tender@ohr.int](mailto:tender@ohr.int), and not to other officers of OHR. It is in all bidders interest to register their intention to bid so that everyone may receive answers to any questions put by other bidders. Please address this registration to e-mail: [tender@ohr.int](mailto:tender@ohr.int).

### **V Statement of Work**

#### **LOT 1**

The OHR Brcko Final Award Office is requesting proposals from qualified professional auditing firms to conduct an independent audit in accordance with international standards and best practices on the financial statements and reports of the Brcko District Government's construction assistance program to the benefit of returnees and displaced persons for the fiscal year 2004. Note: The term "construction: used in this paper includes construction, reconstruction and repair of individuals' housing units that were damaged during the war.

#### **Brcko District Construction Assistance Program**

A Department for Displaced Persons, Refugees and Housing Issues is in charge of a program that assists individuals in housing construction, reconstruction and repair. The responsibility includes drafting criteria, to be approved by the District Assembly, the selection of beneficiaries according to such criteria, granting assistance, allocating either material or financial means for construction assistance and monitoring the execution of the program. In 2004, 6 million KM were allocated for this purpose. For 2005, 8 million KM are so far earmarked for this purpose.

#### **Nature of Auditing Service Required**

In addition to the audit of financial statements and reports, the selected independent auditor will render an opinion on whether the Brcko District Government's construction program procedures and processes for the year 2004 are in compliance with applicable laws and regulations; whether the selection of beneficiaries was impartial and non-discriminatory; and whether the best benefit was achieved.

The audit should cover the fiscal year 2004 and include (but not limit itself to):

- **The Internal Control System**, with particular reference to:
  - the effectiveness of operations
  - the economical and efficient use of resources
  - compliance with applicable policies, procedures, laws and regulations
  - the safeguarding of assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption
  - the integrity and reliability of information, accounts and data.
- **The Departments capability to effectively operate the program:** Employees professional qualifications, familiarity with the program, computer literacy, handling of data base, administrative skills, efficiency in handling cases, efficiency in handling/communicating with applicants, management, intra-departmental communication, sufficiency of equipment allocated such as computers, hardware, software, cars.
- **Selection of beneficiaries:** Are criteria strictly adhered to in the determination of priorities and beneficiaries; is the data on applications checked/verified with the actual conditions on the ground; is the scope/type of reconstruction work/amount of money needed per unit established by experts; is the scope/type of work/money thus established consistent with the scope/type/amount tendered/contracted and delivered; are all work steps taken completely recorded; are they published/presented to the public; is there any undue influence in the selection process; is there an appropriate and independent complaint procedure.
- **Financial Statements and Reports:** Compliance with applicable laws and regulations; Potential fraud schemes; Cash flow, handling and use of expenditures.
- **Procurement procedures** Evaluate the Department's adherence to policies, procedures and internal controls related to procurement of goods and services, identify any undue interference in selection of contractors and proper acquisition and receipt of goods and services.

**Recommendations for the year 2005:** (a) specific recommendations on overcoming identified weaknesses in the internal control system, (b) a forecast of the total cost of completing the assistance program and (c) recommendations on achieving optimal efficiency, effectiveness and economy of operations in 2005 and onwards.

## **LOT 2**

The OHR Brcko Final Award Office is requesting proposals from qualified professional auditing firms to conduct a professional audit of Brcko District Government's disposals of public property and to render an opinion, as well as provide recommendations, for improvement of the Brcko District Government's disposals of public property, transparency and accountability related to all disposals of public property.

### **Nature of Expert Service Required**

The intention behind this requirement is to conduct a professional audit of disposals of public property, including reports as to the transparency and accountability of the Government in disposal of public property, as well as rendering an opinion about above mentioned and providing proposals/recommendations based on the accomplished analysis of how this process can be improved upon. Disposal of public property may include, but might not be limited to: granting construction rights, long-term lease agreements, sale of state-owned capital through sales, capital budget usage, and others.

Audit on Brcko District Government's disposal of public property should include (but not limit itself to):

- **Professional audit of disposals of public property** – To determine whether the Brcko District Government's disposals were and are in compliance with applicable laws and

regulations and the Final Award and to render an opinion of the Brcko District Government's disposal of public property – compliance with applicable laws and regulations; Potential fraud schemes; Potential misuse of public property, Evaluation including but not limited to tendering process and selection of contractors and proper acquisition of public property; Determination whether contractors fulfilled their obligations under a contract, Evaluate existence of and adherence to policies, procedures and internal controls related to disposals of public property). The period to be covered with this audit starts with March of 2000 and ends December of 2004.

- **Providing recommendations** - As a result of this professional audit, the individuals/firm should provide recommendations as to how the disposals of public property can be improved upon, both from conceptual as well as from the managerial point of view. Furthermore, possible time frames and appropriate methods for implementation of the above mentioned disposals should be included.

### **LOT 3**

The OHR is requesting proposals for a professional audit of the Process of Privatization of Enterprises in Brcko District.

Privatisation of enterprises in the Brcko District is different from the process in the Republika Srpska and the Federation of BiH and is regulated by a Brcko District Law on Privatisation of Enterprises. Since any disposition of public property in the District requires the approval by the Brcko Supervisor, the Supervisor has a specific interest in the legality, integrity and transparency in the process applied so far.

#### **Nature of Expert Service Required**

The intention behind this audit is to determine whether the process of privatizing so far 17 former publicly owned enterprises was legal, transparent, competitive and in the best economic interest of the District.

The audit should review the entire process per each enterprise, including but not necessarily be limited to:

- Completeness of the tender documents and their conformity with the opening balance sheets;
- Reliability of information contained in the tender documents with regard to ownership over assets and financial situation of the enterprise;
- Integrity and full documentation of the process of evaluating bids;
- Abidance by criteria in selecting the best bidder;
- Conformity of the agreed terms in the share-purchase-agreement with the terms offered in the bid;
- Reliability and completeness of financial guarantees and references;
- Potential fraud schemes in the process;
- Fulfillment of obligations from the share – purchase – agreement by the buyer;
- Reliability of the annual reports made by the Privatisation Office