



MINISTRY OF HUMAN RESOURCES, CULTURE, TOURISM & DEVELOPMENT

**BUREAU OF HUMAN RESOURCES**

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## REQUEST FOR PROPOSAL

Date of Issue: September 5, 2023

RFP No.: PCS-2023-031

### SOLICITATION INFORMATION AND SELECTION SCHEDULE

Solicitation (RFP) Number: PCS-2023-031

Solicitation Title: Conduct the Single Audit of the Republic of Palau National Government for Fiscal Year 2021.

Date of Issue: September 5, 2023

### MANDATORY REQUIREMENTS AND DATES

Inquiries Due Date: September 12, 2023 (Tuesday) 4:00 pm Palau Time

Answers/ Response: September 15, 2023 (Friday) 11:00 am Palau Time

Expression of Interest: September 18, 2023 (Monday) 4:00 pm Palau Time

Proposal Due Date and Time: September 19, 2023 (Tuesday) 4:00 pm Palau Time

RFP Opening Date: September 20, 2023 (Wednesday) 10:00 am Palau Time

Anticipated Contract Award: By October 20, 2023

Terrilyn R. Nabeyama  
Director/Procurement Officer

## SECTION A – RFP INFORMATION

### I. RFP Purpose, Type, Process

- a. Purpose. The Bureau of Human Resources of the Government of Palau is soliciting proposals from interested businesses, qualified individuals, agencies, or institutions to **conduct the Single Audit of the Republic of Palau National Government for Fiscal Year 2021.**
- b. Interested vendors may obtain copies of specifications by contacting the Bureau of Human Resources Procurement website <http://palaugov.pw/rfp-bids/> or calling 680-767-2415/1126.
- c. Type of RFP. This is a *competitive negotiated contract where evaluation is based on various criteria.*
- d. Funding. This project will be fully funded by the **FY2021 Single Audit** grant. Award of contract is subject to the availability of funds. Offers or proposals may also be rejected, and no contract may be awarded by the Procurement Officer pursuant to the Republic of Palau Procurement law.
- e. Inspection. Offeror acknowledges that the submission of a proposal provides the Republic of Palau the right to inspect at reasonable time the part of the plant or place of business of a contractor or subcontractor which is related to the performance of any contract awarded by the government. Failure to allow inspection may result in the rejection of the proposal/offer.
- f. Business Laws and Taxes. A successful contractor must comply with local business laws and shall be subject to applicable Republic of Palau taxes and fees. In order to be awarded a contract, **a vendor shall provide proof of applicable ROP Business License (Applicable Business License)** as well as be in good standing with the Bureau of Revenue and Taxation.
- g. Potential finalist interviews/demonstrations: If necessary, the Procurement Officer will notify vendors for additional information and/or discussions. However, it is required that proposals shall be inclusive of any and all information needed for the ROP to make a determination on the best proposal.
- h. Award. It is anticipated that a vendor will be awarded within 30 days of the Bid opening unless otherwise approved by the Procurement Officer.

### II. Preparation/Submission of Proposal

- a. Intention to Bid. In order for your business to be considered for this RFP, you **MUST** submit a written Expression of Interest (EOI) to the Procurement Officer by **September 18, 2023** by emailing [hr@palaugov.org](mailto:hr@palaugov.org) or providing a written EOI to the Bureau of Human Resources Office located at the 3<sup>rd</sup> Floor Executive Building in Ngerulmud, Melekeok. The email or letter shall include Business or organization

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Name, Point of Contact or Authorized Representative, phone number, email address, and statement of your interest to bid.

- b. Vendors are invited to participate in the competitive selection process for the Services outlined in this RFP. Responding parties shall review their Proposal submissions to ensure the following requirements are met.
- c. Required Submittal Details and Quantities. ***Proposals must be submitted in electronic format (in a USB/thumb drive) of the finalized proposal, one (1 original printed proposal and three (3) hard copies). Proposals must be enclosed in an envelope and addressed to the above address with the RFP No. indicated on the envelope.*** In addition to the hard copies of the proposal, one complete and exact copy of the entire proposal on CD-ROM or Flash Drive in Microsoft Office or Microsoft Office compatible format or PDF format shall also be submitted. The electronic copy must be a mirror image of the hard copy. Proposals must be received by the Bureau of Human Resources Office in the Capitol **by 4:00pm (Palau Time) on September 19, 2023**, which is the closing date of this RFP. Proposals received before the issuance date and after the closing date of this RFP will not be considered.
- d. Proposal Format. Please comply with the following format:
  - i. Section 1 – Provide the Company Information – Name and contact information of authorized representative, copy of Business License, other information relevant to the service.
  - ii. Section 2 – Description services, schedules, etc.
  - iii. Section 3 – Total Cost of Proposal.
- e. Vendor Responsibilities. All Vendors shall:
  - i. examine the entire RFP,
  - ii. seek clarification of any item or requirement that may not be clear,
  - iii. check all responses for accuracy before submitting a Proposal and,
  - iv. submit the entire Proposal by the Proposal Due Date and Time.
- f. Cost of Proposal Preparation. The ROP does not reimburse the cost of developing, presenting or providing any response to this solicitation. Proposals submitted for consideration should be prepared simply and economically, providing adequate information in a straightforward and concise manner. The Vendor is responsible for all costs incurred in responding to this RFP. All materials and documents submitted in response to this RFP become the property of the ROP and will not be returned.



### III. Inquiries

- a. All Inquiries and Clarification shall be received by email [hr@palaugov.org](mailto:hr@palaugov.org) no later than 4 pm (Palau Time) **September 12, 2023**.
- b. Answers/Responses to Inquiries shall be available online at <http://palaugov.pw/executive-branch/ministries/finance/bpss/rfp-bids/> - COB on **September 15, 2023**.

### IV. RFP Timeline:

Bidding Period	September 5, 2023 – September 19, 2023
Inquiries/Clarification Due	September 12, 2023 (4pm Palau Time)
Answers Responses will be Posted After	September 15, 2023 (11am Palau Time)
Expression of Interest	September 18, 2023 (4pm Palau Time)
RFP Closing Date	September 19, 2023 (4pm Palau Time)
RFP Opening Date	September 20, 2023
Anticipated Contract Award	October 20, 2023

### V. Scope of Work

#### I. **Description of the Entity**

Palau has been occupied by foreign powers since the late 1800s. The Spanish first colonized the Palau Islands in 1885 through 1899. From the 1900s to around 1914 Palau was under the control of Germany. From around 1914 to 1945 the islands were under the control of Japan until following the end of World War II when Palau was declared a United Nations Trusteeship and placed under the administration of the United States Government. On October 1, 1994, Palau opted and entered into a Compact of Free Association with United States of America. The Compact calls for monetary and economic assistance from the United States in exchange for certain military (defense) rights use of Palau lands and territorial waters. The first Compact expired on September 30, 2009 and the second Compact has been signed by Palau and the United States and awaits approval by the U.S. Congress.

The Republic of Palau's population is approximately 17,614, based on a 2020 census. The Republic of Palau follows the democratic principles of government. The structure of the government includes three branches: The Executive, the Legislative (Congress, Olbiil Era Kelulau), and the Judicial Branch. The President is elected to a 4-year term and is the head of the Executive Branch. The Congress is comprised of two (2) Houses: The Senate (Upper House) and the House of Delegates (Lower House). The President is responsible for introducing the annual unified national budget for the Republic for submission to the national congress for its consideration and approval.

#### II. **Audit and Fiscal Year**

The most recent audit of the Republic of Palau's financial statements was completed for fiscal year 2020. The Republic of Palau received an unmodified opinion on its financial statements.

The audit was conducted by Deloitte & Touche. The fiscal year of the ROP begins on October 1 and ends on September 30.

**III. Financial Information**

The Unified Annual National Budget for the Republic of Palau National Government for fiscal year 2021 (RPPL No. 11-03) was \$101,755,397.

The engagement calls for the Single Audit of the Republic of Palau National Government (RPNG), which shall include the activities of the Judiciary. The National Government uses Governmental Fund types (General, Special Revenue, Debt Service, Capital Projects), Proprietary Fund, and Fiduciary Fund (Compact, Non-Expendable Trust). RPNG has twelve (12) Component Units, which are audited annually by independent auditors, whose financial statements must be consolidated into the National Government's financial statements. The National Government uses a combination of accrual, modified accrual, and cash basis of accounting. Scheduled below are some vital financial information (audited) pertaining to the RPNG as of **September 30, 2020**:

Republic of Palau  
Statement of Net Position  
9/30/2020

	<u>Primary Government</u>	<u>Component Units</u>
Total Current Assets	\$ 101,805,321	52,426,216
Total Non-current Assets	468,042,180	161,998,097
Total Assets	\$ 569,847,501	\$ 214,424,313
Total Current Liabilities	32,140,834	\$ 18,806,606
Total Non-current Liabilities	304,677,142	126,959,620
Total Liabilities	\$ 336,817,976	\$ 145,766,226

Governmental funds  
9/30/2020

	<u>Assets</u>	<u>Revenues</u>	<u>Expenditures</u>
General fund	\$ 139,328,384	\$ 58,783,776	\$ 112,538,900
Special Revenue, U.S. Federal Grants	19,848,476	40,886,929	41,768,270
Permanent, Compact Section 211 (f)	280,034,946	10,192,768	1,529,141
Other Governmental funds	12,881,149	4,591,348	3,101,703
Total	\$ 452,092,955	\$ 114,454,821	\$ 158,938,014

The auditor will conduct a financial statement audit of the RPNG for the fiscal year ended September 30, 2021 and render an opinion as to the fairness of the financial statement presentation in accordance with Accounting Principles generally accepted in the United States of America. As part of the audit, the auditor also must determine whether the Schedule of Expenditures of Federal Awards is presented fairly in all material respects in relation to the auditee's financial statements taken as a whole.

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#### **IV. Organization Structure and Management Information System**

The RPNG uses a centralized national treasury into which all revenues are deposited and disbursed in accordance with the ROP laws and Unified National Budget Procedures Act, as amended. The centralized system is used by all line entities of the National Government including Ministries, Bureaus, Divisions, Boards, Commissions, and Authorities. The RPNG is composed of eight (8) Ministries, which are divided into Bureaus and further subdivided into Divisions. In addition, Boards, Commissions, Authorities, and Independent agencies also use the centralized disbursement process. The centralized National Treasury is supported by a centralized management information system. The RPNG uses an automated accounting system to keep track of the activities of Ministries, Bureaus, Divisions, Boards, Commissions, Authorities, and Independent agencies. The RPNG uses the Information Development Consultants Inc. (IDC) 4 government software system to record, process, and report financial data. It uses the Distributed and Integrated Local Government (DILOG) system to compliment the IDC system. The Ministry of Finance is responsible for the administration of the system and keeping track of the financial activities of the government, record maintenance and retention.

Upon the Unified Budget Act (appropriation budget) becoming a law, the Bureau of Budget and Planning, Ministry of Finance, inputs the budget for each Ministry, Bureau, and Division, and other agencies into the automated system. The Ministries, Bureaus, Divisions, and other agencies use Purchase Requisitions (RQs) which, upon certification of funds availability, the system generates a Purchase Order to encumber funds. All transactions are initiated at the department level and processed through National Treasury, which charges the account (budget) of the Ministry, Bureau, or Division that initiated the purchase request. The Bureau of Budget and Planning monitors the budget of each Ministry, Bureau, Division, and other agencies to ensure that expenditures do not exceed budget. Revenues, expenditures, and encumbrances are also recorded in the automated accounting system. The Palau National Congress, Boards, Commissions, and Authorities also use the centralized disbursement and accounting system. The Executive, Legislative, Judicial Branches as well as Boards, Commissions, and Authorities of the RPNG all use the centralized payroll system administered by the Ministry of Finance. Each Branch, and all agencies under it, is responsible for keeping time for its employees and on a bi-weekly basis the National Treasury provides a manual timesheet into which employees working hours are manually recorded and returned to National Treasury for payroll processing. The Judiciary is the only branch of the government that maintains a separate bank account outside of the National Treasury from which disbursements are made, except for payroll, for general operations. As such, the Judiciary maintains accounting records to support these transactions. The Bureau of National Treasury disburses periodic allotments to the judiciary to fund its operations.

#### **V. Procurement**

The RPNG's procurements are governed by the Republic of Palau Procurement Law and Regulations, 40 PNC 6. The Procurement Law and Regulations apply to the National Government, State Governments, and all agencies of the government, except as provided by law. The Procurement Law was last amended on June 2018 (RPPL No. 10-26)





**VI. Post- Compact U.S. Federal Financial Assistance**

The Compact of Free Association between the governments of the Republic of Palau and the United States of America terminated on September 30, 2009. The U.S. government continues to provide financial assistance for operations and other economic assistance to the Republic of Palau after the termination of the Compact, including in fiscal year 2019. The auditor must design audit procedures to determine compliance with applicable requirements of the Compact.

**VII. Cognizant U.S. Federal Agency**

The U.S. Department of the Interior is the Cognizant Federal agency for the Republic of Palau.

**VIII. Compliance with applicable standards**

The audit shall be performed in accordance with auditing and accounting standards generally accepted in the United States of America including the following:

- A. *Government Auditing Standards (GAS)*, issued by the U.S. Government Accountability Office (GAO), applicable revisions including the 2018 updates.

The auditor is required to comply with the GAS General Standards as well as Fieldwork and Reporting Standards. The first General Standard states that the staff assigned to conduct the audit should collectively possess adequate professional proficiency for the task required. The second standard requires that in all matters relating to the audit work, the audit organization and the individual auditors, whether government or public, should be free both in fact and appearance from personal, external and organizational impairments to independence. The third standard states that due professional care should be used in conducting the audit and in preparing related reports. As part of exercising due professional care, auditors must follow GAS. In addition, auditors must use sound judgment in establishing the scope, selecting the methodology, and choosing tests and procedures for the audit. Finally, the fourth general standard states that each audit organization performing audits in accordance with these standards should have an appropriate internal quality control system in place and undergo an external quality control review. Complying with GAS includes the 2018 revisions to the standards.

- B. *AICPA Field Work and Reporting Standards*

In addition to complying with GAS, the auditor is required to comply with professional standards established by the AICPA (Generally Accepted Auditing Standards) that apply to financial audits. Furthermore, the auditor shall follow the AICPA Statement of Position 98-3 (SOP 98-3), Audits of States, Local Governments and Not-for-Profit Organizations Receiving Federal Awards. The auditors shall follow the most recent revisions to the AICPA standards that are effective for financial statement audits for Fiscal year 2021.

- C. The Single Audit Act Amendments of 1996, as amended

The audit shall be conducted in accordance with the U.S. Single Audit Act of 1996, as amended. The single audit must be performed in accordance with *Government Auditing Standards* and cover the entire operations of the Republic of Palau National Government,

specifically the grantee's financial statements and Schedule of Expenditures of Federal Awards, both of which must be for the same fiscal year. The auditor must determine whether the auditee's financial statements are presented fairly in all material respects in accordance with accounting principles generally accepted in the United States of America. The auditor also must determine whether the Schedule of Expenditures of Federal Awards is presented fairly in all material respects in relation to the auditee's financial statements taken as a whole.

- D. Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, issued by the U.S. Office of Management and Budget (OMB), as amended. Circular A-133 requires that grantees that expend \$750,000 or more in a year in U.S. Federal awards must have a Circular A-133 single audit (or program-specific audit) performed for the year. Auditor shall use the 2019 revisions to Circular 1-133 or other applicable Circulars in effect for the fiscal year under audit.
- E. Circular A-133 Compliance Supplement

The auditor must use the Compliance Supplement (most recent edition) for guidance in determining compliance requirements that could have a direct and material effect on the programs included in the single audit. The supplement identifies compliance information to help auditors understand each program's objectives, procedures and requirements, and provides audit objectives and suggested audit procedures for determining compliance. The 2018 Circular A-133 Compliance Supplement, or its revised version, shall be used as guidance to reflect sections of 2017 Compliance Supplement that were either deleted or superseded. Auditors are therefore required to use the 2017, 2018, or the applicable version of the Compliance Supplements as guidance under the circumstances.

- F. GASB 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. GASB 34 requires that the basic financial statements and required supplementary information for general purpose governments should consist of:
  - 1. Independent auditor's report on the financial statements
  - 2. Management's Discussion and Analysis (MD&A)
  - 3. Basic Financial Statements
    - a. Government-wide financial statements
    - b. Fund-based financial statements
    - c. Notes to the financial statements

The auditor shall also comply with any subsequent revisions to GASB 34 that are in effect for audits for fiscal year 2021.

- G. Required Supplementary Information (other than MD&A)
- H. GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*

The auditor shall report Fund Balance classifications (i.e. nonspendable, restricted, committed, assigned, etc.) that comprise a hierarchy based primarily on the extent to which the government is bound to observe constraints imposed upon the use of the resources reported in governmental funds in accordance with GASB 54.





I. GASB 68

The auditor shall report on the financial statements the national government's share of the Civil Service Pension Plan's unfunded liability in accordance with GASB 68.

J. Other Applicable GASB Requirements

In addition to the above GASB requirements, the auditor shall conduct the audit in accordance with all other applicable GASB requirements in effect for financial statement audits for fiscal year 2021.

K. Combined and individual fund presentations and supplementary information

The financial statements of the Component Units shall be consolidated with the primary government and also presented individually.

**IX. Scope of Audit**

A. General - The audit shall be conducted in accordance with *Generally Accepted Government Auditing Standards (GAGAS)*. The audit shall cover the entire operations of the auditee. The financial statements and the schedule of expenditures of Federal awards shall be for the same fiscal year. The audit shall be conducted for fiscal year 2021.

B. Financial Statements - The auditor shall determine whether the auditee's financial statements are presented fairly in all material respects in accordance with generally accepted accounting principles (GAAP). The auditor also must determine whether the Schedule of Expenditures of Federal Awards is presented fairly in all material respects in relation to the auditee's financial statements taken as a whole.

C. Internal Control

1. In addition to the requirements of GAGAS, the auditor shall perform procedures to obtain an understanding of internal control over Federal programs sufficient to plan the audit to support a low assessed level of control risk for major programs. Plan and perform testing of internal control over major programs to support a low assessed level of control risk for the assertions relevant to the compliance requirements for each major program

2. When internal control over some or all of the compliance requirements for a major program are likely to be ineffective in preventing or detecting noncompliance, the planning and performing of testing described in (C)(1) above are not required for those compliance requirements. However, the auditor shall report a reportable condition (including whether any such condition is a material weakness, assess the related control risk at the maximum, and consider whether additional compliance tests are required because of ineffective internal control).

D. Compliance



1. In addition to the requirements of GAGAS, the auditor shall determine whether the auditee has complied with laws, regulations, and the provisions of contracts or grant agreements that may have a direct and material affect on each of its major programs.
2. The principal compliance requirements applicable to most Federal programs and the compliance requirements of the largest Federal programs are included in the compliance supplement.
3. For the compliance requirements related to Federal requirements contained in the compliance supplement, an audit of these compliance requirements will meet the requirements of this part. Where there have been changes to the compliance requirements and the changes are not reflected in the compliance supplement, the auditor shall determine the current compliance requirements and modify the audit procedures accordingly. For those Federal programs not covered in the compliance supplement, the auditor should use the types of compliance requirements contained in the compliance supplement as guidance for identifying the types of compliance requirements to test, and determine the requirements governing the federal program by reviewing the provisions of contracts and grant agreements and laws and regulations referred to in such contracts and grant agreements.
4. The compliance testing shall include tests of transactions and such other auditing procedures necessary to provide the auditor sufficient evidence to support an opinion on compliance.

E. Audit follow-up

The auditor shall follow-up on prior audit findings, perform procedures to assess the reasonableness of the summary schedule of prior audit findings prepared by the auditee, and report, as a current year audit finding, when auditor concludes that the summary schedule of prior audit findings materially misrepresents the status of any prior audit findings. The auditor shall perform audit follow-up procedures regardless of whether a prior audit finding relates to a major program in the current year.

**X. Audit Reporting**

The auditor's report(s) may be in the form of either combined or separate reports and may be organized differently from the manner presented in Circular A-133, Section 505. The auditor's report(s) shall state that the audit was conducted in accordance GAGAS and Circular A-133 and include the following:

- A. An opinion (or disclaimer of opinion) as to whether the financial statements are presented fairly in all material respects in conformity with generally accepted accounting principles and an opinion (or disclaimer of opinion) as to whether the schedule of expenditures of Federal awards is presented fairly in all material respects in relation to the financial statements taken as a whole.
- B. A report on internal control related to the financial statements and major programs. This report shall describe the scope of testing of internal control and the results of the tests, and,





where applicable, refer to the separate schedule of findings and questioned costs described in paragraph X.D. below.

- C. A report on compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements. This report shall also include an opinion (or a disclaimer of opinion) as to whether the auditee complied with laws, regulations, and the provisions of contracts or grant agreements which could have a direct and material effect on each major program, and, where applicable, refer to the separate schedule of findings and questioned costs described in paragraph X.D. below.
- D. A schedule of findings and questioned costs which shall include the following three components:
  - 1. A summary of auditor's results which shall include:
    - a. The type of report the auditor issued on the financial statements of the auditee (i.e., unmodified opinion, modified opinion, adverse opinion, or disclaimer of opinion);
    - b. Where applicable, a statement that reportable conditions in internal control were disclosed by the audit of the financial statements and whether any such conditions were material weaknesses;
    - c. A statement as to whether the audit disclosed any noncompliance which is material to the financial statements of the auditee;
    - d. Where applicable, a statement that reportable conditions in internal control over major programs were disclosed by the audit and whether any such conditions were material weaknesses;
    - e. The type of report the auditor issued on compliance for major programs (i.e., unmodified opinion, modified opinion, adverse opinion, or disclaimer of opinion);
    - f. A statement as to whether the audit disclosed any audit findings which the auditor is required to report under Circular A-133, Section 510(a)
    - g. An identification of major programs;
    - h. The dollar threshold used to distinguish between Type A and Type B programs, as described in Circular A-133, Section 520(b); and
    - i. A statement as to whether the auditee qualified as a low-risk auditee under Circular A-133, Section 530
  - 2. Findings relating to the financial statements which are required to be reported in accordance with GAGAS.
  - 3. Findings and questioned costs for Federal awards which shall include audit findings as defined in Circular A-133, Section 510(a)

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- a. Audit findings (e.g., internal control findings, compliance findings, questioned costs, or fraud) which relate to the same issue should be presented as a single audit finding. Where practical, audit findings should be organized by Federal agency or pass-through entity.
- b. Audit findings which relate to both the financial statements and Federal awards, as reported under paragraph D.2. and D.3. of this section, respectively, should be reported in both sections of the schedule.

**XI. Audit Findings**

The auditor shall report audit findings in accordance with Circular A-133, Section .510, Audit Findings.

**XII. Major Program Determination**

The auditor shall use a risk-based approach to determine which Federal programs are major programs. This risk-based approach shall include consideration of: Current and prior audit experience, oversight by Federal agencies and pass-through entities, and the inherent risk of the Federal program. The process in Circular A-133, Section .520, paragraphs (b) through (i) shall be followed.

**XIII. Criteria for Federal Program Risk**

The auditor's determination should be based on an overall evaluation of the risk of noncompliance occurring which could be material to the Federal program. The auditor shall use auditor judgment and consider criteria, such as described in Circular A-133, Section .525, paragraphs (b), (c), and (d) to identify risk in Federal programs. Also, as part of the risk analysis, the auditor may wish to discuss a particular Federal program with auditee management and the Federal agency or pass-through entity.

**XIV. Criteria for a Low-Risk Auditee**

In the determination of low-risk auditee, the auditor shall use the criteria under Circular A-133, Section .530, paragraphs (a), (b), (c), and (d).

**XV. Requirements of the Independent Auditor**

Mandatory Qualifications of the Auditor:

The following information must be submitted by all respondents:

- A. An affirmation that the auditor is properly licensed for public practice as a certified public accountant or a public accountant. According to generally accepted governmental auditing standards (GAGAS), public accountants must be licensed on or before December 31, 1970, or working for a CPA firm to be eligible for engagement.

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- B. An affirmation that the auditor meets the independence requirements of *Government Auditing Standards*, 2018 revision, published by the Government Accountability Office (GAO). The General Standards on Independence state: "In all matters relating to the audit work, the audit organization and the individual auditor, whether government or public, must be free from personal, external, and organizational impairments to independence, and must avoid the appearance of such impairments of independence."
- C. An affirmation that the respondent does not have a record of substandard audit work.
- D. The respondent must submit a copy of its most recent peer review report.
- E. An affirmation that the respondent meets any other specific qualification requirements imposed by the Republic of Palau's Public Accountancy Act (11 PNC 13). Accountancy Act is available at <http://palauopa.org/boa.html>.

**XVI. Period of Audit**

The audit will cover:

Fiscal Year 2021 (beginning October 1, 2020 through September 30, 2021)

**XVII. Entrance Conference**

The auditor shall hold an entrance conference with the Minister of Finance and the Public Auditor to discuss plans for the audit, timetable, the approach, including schedules to be prepared by the government, work schedule, workspace requirements, and other efforts necessary to ensure the audit is conducted in an efficient and effective manner.

**XVIII. Interim Meetings**

Throughout the conduct of the audit fieldwork, the auditor shall meet from time-to-time with the Minister and/or other key staff to advise them of potential audit findings, questioned costs and related issues to enable them sufficient time to attempt to resolve the findings and questioned costs prior to the issuance of the Draft Report.

**XIX. Pre-Exit Conference**

Upon issuance of the DRAFT audit report, the auditor will meet with the Minister of Finance and Public Auditor to present the Draft report and discuss the proposed audit findings, questioned costs, and related issues. Discussion on the process and efforts leading towards finalizing the Draft report should occur here.

**XX. Response to Draft Audit Report**

The auditor shall ensure that a response is received from the auditee for each internal control and noncompliance finding. The response shall specify the corrective action plan to resolve the finding, be sufficient to resolve the finding, identify the official responsible for its implementation, and identify the target date for implementation of corrective action. In addition, the auditor shall



ensure that appropriate and sufficient supporting documents are provided by the auditee in order to resolve any questioned cost. The response shall be incorporated into the final report.

**XXI. Exit Conference**

Upon issuance of the final report, the auditor shall meet with the Minister of Finance and the Public Auditor to discuss the findings and questioned costs (as necessary) in the final audit report and the distribution of audit reports to U.S. federal agencies along with required Data Collection Form. Discussion on the process and efforts to resolve questioned costs should transpire here.

**XXII. Year-End Cut-off Procedures**

The auditor shall ensure that year-end cut-off procedures are performed on September 30 to establish and verify the proper cut-off of year-end documents and related processes.

**XXIII. Status Reports**

The auditor shall provide periodic status reports to the Minister of Finance and the Public Auditor on the progress of the audit and report or discuss any problems or issues that may be hindering the progress of the work. The timing of such status reports shall be discussed and agreed upon between the auditor and the Minister of Finance.

**XXIV. Assistance Available To Auditors**

- A. The Minister of Finance will assign staff available to assist the auditor.
- B. The staff can prepare trial balances, schedules, reproduce documents, pull documents, etc.
- C. A technical staff will be available to serve as an audit liaison to answer questions, dispose of requests by auditors, and otherwise attend to other matters raised by the auditor.
- D. The Office of the Attorney General is the legal counsel for the Republic and is available to discuss legal issues related to the audit.
- E. All inter-fund, interdepartmental, bank reconciliations, accounts receivable, accounts payable, and other required reconciliations will have been reconciled at the end of the fiscal year.
- F. The ROP will provide adequate working space for the auditor and staff, which will be within the vicinity of the records.
- G. The U. S. Department of the Interior is the cognizant Federal Agency for the Single Audit.

**XXV. Special/Confidential Reports**

Reports on fraud, waste and abuse, or illegal acts shall be covered in separate confidential report to the Public Auditor.





## XXVI. Proposal Criteria

### A. Qualifications of the Firm

1. Describe the organization and size of the firm and whether it is local, regional, national or international in operations.
2. Describe the office from which the work is to be staffed, including the number of professional staff, by staff level employed at that location.
3. Describe the range of activities performed by the local office such as auditing, accounting, tax services, and management services.
  - a. Discuss your staff's capability to audit computerized systems, including the number and classifications of personnel skilled in computer science who will work on the audit and their experience in auditing computerized systems. A list of the type of systems and the hardware and software audited would be helpful.
  - b. Include positive affirmations as discussed in Section XV on Requirements for the Independent auditor.
  - c. Describe your firm's experience in performing governmental audits in accordance with the requirements of GAS, GASB 34, Single Audit Act, and OMB Circular A-133. Give the names, addresses, and telephone numbers of client officials responsible for three of the audits described.

### B. Qualifications of Individuals

Describe the qualifications and experience of staff assigned to the audit that would distinguish them from competition. Identify the Partner, audit managers, and field supervisors and other staff who will work on the audit, including staff from other than your local office. Resumes including relevant education, experience, and the number and nature of CPE hours of all auditors, including supervisors, managers and the individual with final responsibility for the engagement, should be included.

### C. Scope of Services

In the proposal, discuss the scope of services as prescribed in Section IX of this RFP. Emphasize any special or extraordinary services or product your firm can provide that would distinguish it from its competitors.

### D. Fee Proposal

1. The fee proposal should be submitted in a separate sealed envelope and the fee amount should not be disclosed anywhere else in the proposal. The fee proposal should separate the fee for the audit and overhead costs.

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2. The auditor will be expected to provide transportation, temporary housing and meals for staff while performing the audit.

**XXVII. Submission of Proposal**

Proposal must respond to all the structured criteria as contained in the Request For Proposal (RFP).

**XXVIII. Proposal Evaluation and Selection Process**

Proposals will be evaluated by an Evaluation Committee consisting of four (4) members. Proposals will be opened only by the Procurement Officer or designee and will be treated as proprietary information for the official use of the Committee in connection with the evaluation process.

Each response to the criteria prescribed in Section XXVI, Proposal Criteria, will be scored on a scale from 0 to 5, 0 being the lowest, and then multiplied by the weight factor shown below. The Committee will then evaluate the scores and may conduct phone interviews of the leading scores and check their references before selecting a firm to negotiate a contract with.

<u>Criteria</u>	<u>Points</u>	<u>Weight</u>	<u>Score</u>
Qualifications of Audit Firm	0-5	2	0-10
Qualifications of Individuals	0-5	3	0-15
Scope of Services	0-5	3	0-15
Fee Proposal	0-5	2	0-10

The Evaluation Committee will be comprised of the following members:

- Minister of Finance
- Procurement Officer (Director, Bureau of Human Resources)
- Director, National Treasury
- Public Auditor

The Procurement Officer reserves the right to appoint or substitute members should any of the above-listed members is unable to execute his/her duties.

The results of the evaluation will be documented and used as basis in the selection of the auditor. The Procurement Officer will make the final determination as to which proposal is the most advantageous to the Government of the Republic of Palau.

Special consideration will be given to proposers who represent audit firms owned and controlled by socially and economically disadvantaged individuals, or proposers who plan to sub-award portion of the audit engagement to small audit firms owned and controlled by socially and economically disadvantaged individuals. This special consideration however will not compromise the necessary quality required of the audit report to be produced. Any sub-award plan should be specified for each section of the audit engagement in the proposal. Sub-award plans should indicate at least a description of the specific portion(s) and the relevant costs to be sub-awarded and how the proposer plans to supervise or coordinate the work of the sub-awardee.



All firms or individuals submitting proposals will be promptly notified of the determination of the Procurement Officer. Proposals will become the property of the Government of the Republic of Palau and will not be returned.

**XXIX. Project Schedule**

The following dates and time shall be adhered to and remain in force unless waived in writing by the Procurement Officer:

Fiscal Year 2021

September 30, 2023	Year-end Cut-off Procedures
December 31, 2023	Issuance of Draft Audit Reports
January 30, 2024	Issuance of Final Audit Reports

**XXX. Method of Payment**

The contract to be executed shall cover the audit for fiscal year 2021. All billings and payments shall be in accordance with progress of work. All progress billings shall be transmitted to the Public Auditor for certification as to progress of work, after which billings will then be forwarded to Bureau of National Treasury for processing and payment. A retainer shall be paid upon commencement of work.

**XXXI. Certification of Funds Availability**

All obligations of the Government under this contract shall be contingent upon the appropriation of funds for this contract. Government shall not be liable for any obligations under this contract for which funds have not been appropriated.

**XXXII. Report Review, Timing, and Number of Copies**

The following conditions shall be adhered to concerning procedures for report submission, number of copies, special reporting, etc.

- A. A Draft audit report shall be submitted to the Minister of Finance for his review and comments. Pursuant to the Public Auditing Act (40 PNC 2), the Minister shall have 30 days to respond to the report, which response shall be incorporated into the final report.
- B. A paper copy of the Draft report shall be submitted to the Public Auditor, P.O. Box 850, Koror, Palau 96940 or an electronic copy may be sent to [stewid@palauopa.org](mailto:stewid@palauopa.org) for his review.
- C. Management reports should be submitted as part of the final audit report.
- D. Twenty-five (25) paper copies and an electronic copy of the final audit report shall be provided to the Public Auditor.

- E. Provide sufficient copies of final reports to the Cognizant Federal Agency and the Federal Audit Clearinghouse, including the required Data Collection Form.

**XXXIII. Working Papers**

- A. Working papers will be retained for at least three years.
- B. Working papers will be available for examination by the Public Auditor, Republic of Palau, representatives of the cognizant Federal audit agency, and the General Accounting Office.

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