Managing Partner,
Audit Firm

Dear Sir / Madame,

The World Vegetable Center (WorldVeg) wishes to invite proposals from internationally recognized accounting firms for the conduct of the external audit of the Center for its financial statements starting with the financial year 2020.

If you are interested, then please inform us first by e-mail about your intention to send us a proposal.

Your written proposal comprising a technical and financial component should be submitted on or before 22 May 2020 cob. A detailed request for proposal is attached.

Please note that the cost of preparing a proposal shall be borne by the bidder, regardless of the outcome of the bidding process.

If you wish to obtain further information about this invitation, please contact Dirk Overweg – Finance Director (email dirk.overweg@worldveg.org ; tel. (0)-6-583-7801 ext. 140).

We look forward to receiving your proposal.

Yours sincerely,

Marco Wopereis
Director General
REQUEST FOR PROPOSAL - AUDIT OF WORLDVEGS'S FINANCIAL STATEMENTS
21 April 2020

This Request for Proposal (RFP) contains the following parts:

1. Preparation and submission of the proposal
2. Audit Terms of Reference (TOR)
3. Bid questionnaire

I. PREPARATION AND SUBMISSION OF PROPOSAL

During preparation of the written proposal, you are requested to pay particular attention to the following:

i. WorldVeg requires that the bidder nominates a senior partner who has overall responsibility in the firm for the quality and timeliness of the audit arrangements, and for formal communication on the assignment between the firm and the center.

ii. WorldVeg requires that the bidder wishing to respond to this proposal must disclose in their proposal any current issues or existing client relationships that may give rise to perceived or actual conflicts of interest in undertaking the assignment.

iii. The working language of WorldVeg is English and the reporting for the audit will be in English.

iv. WorldVeg will assess proposals on the basis of the following technical and financial criteria:
   - Overall capabilities of the firm
   - Professional team assigned; presence in South of Taiwan
   - Proposed methodology
   - Understanding of the assignment and of the specific needs of international not-for-profit organizations like WorldVeg
   - Fees and costs

The technical component of the proposal should address the technical criteria above and be in line with the TOR. The proposal should include a completed questionnaire (Appendix 2). You are encouraged to present and justify any modifications or improvement to the TOR to improve performance in carrying out the assignment. The
technical component should include a work plan. The proposed work plan should be consistent with the technical approach and methodology, showing understanding of the TOR and ability to translate them into a feasible working plan.

The financial component of the proposal (for fee and estimated “out of pocket” expenses) must be supported with an appropriate breakdown analysis.

Technical and financial components of the written proposal must be submitted in both hard copy and electronic format to Dirk Overweg (Director of Finance) at the following addresses not later than 22 May 2020 cob:

a) Director of Finance
WorldVeg - The World Vegetable Center,
P.O Box 42, Shanhua,
Tainan, 74199 Taiwan.

b) E-mail: dirk.overweg@worldveg.org

The Center will evaluate your proposal and you may be requested to provide additional information as needed. The Board of Directors will make a final decision on the appointment of the external auditor.
II. Terms of Reference (TOR) external audit of WorldVeg’s financial statements

1. BACKGROUND

WorldVeg - The World Vegetable Center (WorldVeg, the Center) was founded in 1971 as an international, autonomous, philanthropic, non-profit research and development organization to promote vegetable production and consumption in Asia, with its headquarters in Shanhua, Tainan, Taiwan, based on the agreed Charter of May 22, 1971. WorldVeg is provided by the host government, the Republic of China, all necessary legal capacities to carry out its activities as an international organization.

WorldVeg’s tasks have been globalized and extended to Africa, Central and South Asia, Southeast Asia and other regions over the years. Its mission is to enhance the nutritional well-being and to raise the income of poor people in the rural and urban areas of developing countries through improved methods of vegetable production, marketing and distribution which take into consideration the need to preserve the quality of the environment.

The Center is governed by a Board of Directors, which consists of representatives of the original signatories to the Center’s Charter and individuals elected by the Board who have experience in determining the policies and programs of the Center.

The financial requirements of the Center are funded mainly by contributions and grants from member and non-member countries and organizations.

Total revenues in 2019 were US$ 21.5 million. In 2018 the revenues were US$ 17.9 million. WorldVeg posts its financial statements on its website at www.avrdc.org. Some figures to give indication of the volume in 2019:

- # payment vouchers: 3,676
- # receipt vouchers: 749
- # of journals posted at HQ: 127,767
- WorldVeg has over 20 bank accounts

In the past 5 years WorldVeg’s accounts have been audited by an international reputable audit firm. As per standard practice, WorldVeg changes its auditor every 5 years.

WorldVeg has a number of regional centers in Africa and Asia. All Regional Centers except the Regional Center based in India (hosted by ICRISAT) submit original accounting documents to headquarters where the financial transactions are processed. The external auditors will need to consider whether visits to regional centers are required to form their opinion.
WorldVeg has an internal audit function provided by an internal auditor unit shared with other international agricultural centers.

WorldVeg’s current accounting policies and practices conform to internationally accepted accounting principles for not-for-profit organizations and are comparable to those used by other international agricultural research centers. WorldVeg is considering a transition to IFRS in the next few years.

WorldVeg is tax exempt and does not send any tax filing to Taiwanese authorities.

2. PURPOSE

These TOR will be part of the contract with the auditing company.

**General audit**

The overall objective of the audit is to provide the Board of Directors with an audit opinion on whether WorldVeg’s financial statements give a true and fair picture of the financial status of the Center and on whether resources are managed in accordance with:

- WorldVeg’s financial regulations, rules, practices and procedures;
- Accounting policies and practices commonly used by international research centers which conform with internationally accepted accounting standards for not-for-profit organizations.

It is expected that the firm selected for the general audit of the financial statements 2020 will, if WorldVeg is satisfied with the firm’s performance, be invited to carry out the audit of WorldVeg’s financial statements for the subsequent four years (i.e. Financial Statements 2021 – 2024) as well.

**Specific audit**

In addition, WorldVeg may also be required, under the terms of certain donor agreements for specific projects, to provide externally audited project-specific final statements of accounts for the entire project period. The format of the statements and TOR of these specific audits is as stipulated by the donor.

3. AUDIT SCOPE

**General audit**

The audit of the WorldVeg’s financial statements should be carried out in compliance with the International Standards on Auditing (ISA’s) and assess that:
Financial transactions reflected in the financial statements and reports have been prepared in accordance with WorldVeg’s rules and regulations;
Financial accounting, monitoring and reporting are appropriate and in accordance with WorldVeg’s regulations;
Management structures, including internal controls, monitoring and record-keeping mechanism, e.g. concerning financial decisions and authorization of expenditure are adequate; and
Equipment use and controls are appropriate and in accordance with WorldVeg’s regulations.

4. **AUDIT DUTIES AND RESPONSIBILITIES**

The audit procedures should include, but not be limited to:

- Review accounting controls, general controls, internal accounting controls, certification and approval processes;
- Review the validity of expenditures and corresponding documentation, disbursed from WorldVeg,
- Review whether the expenditures made by WorldVeg are in accordance with project activities, work plans and budgets, and for compliance with WorldVeg’s financial rules, regulations, practices and procedures;
- Review whether the revenues are properly accounted for;
- Review financial reporting with emphasis on the process, timeliness and ability to produce the reports as well as on accuracy;
- Review whether financial accounting, monitoring and reporting were undertaken in accordance with WorldVeg’s requirements;
- Routine consultation with WorldVeg’s financial team on developments in accounting, tax and new pronouncements/policies promulgated by accounting standard setters, and other organizations, where these are considered applicable to the Center; and
- Review whether an appropriate management structure and procedures for the staffing, internal controls and record-keeping systems are in place.

**Briefing with WorldVeg Staff**

- **The Management** (Director-General and Directors) as well as project managers for projects being audited under their portfolio: its scope, the experience with the project, strengths and weaknesses of implementation capacity and audit history, if any.
- **Project Staff** for familiarization with the system, procedures and monitoring, evaluation and reporting activities
- **The Finance team** for familiarization with the financial accounting and reporting systems, the procurement systems, and controls, including the processing of payments
5. **OUTPUTS**

**General audit**

- One auditor’s report, *both paper-based and electronic*, is required for:
  - The overall financial statements, which include statement of financial position, statement of activity, statement of changes in net asset and statement of cash flows for the year ending 31 December 2020 (*10 original copies*). One note will clearly explain the cash funds received during the year. The statement of cash flow is prepared by the auditors.
  
  *The audit report shall be signed by the senior partner assuming overall responsibility for the audit by his/her name and title. The signatory is required to be a CPA recognized in Taiwan.*

- A separate management letter, *both paper-based and electronic*, which includes any comments, observations and recommendations on any weaknesses identified during the audit and which should be brought to the attention of the Center’s Board of Directors and Management.

- Debriefing to senior management and Presentation to the Board of Directors’ Audit Committee of the audit report and findings;

All reports are required to be in English.

6. **METHODOLOGY AND TIMETABLE**

**General audit**

The audit is to be conducted in accordance with the professional judgment of the auditors, and with appropriate reference to the International Standards on Auditing, namely the standards on auditing promulgated by the International Federation of Accountants.

The auditors must undertake the following activities, among others:

- Consult with relevant units as necessary;
- Obtain and analyze existing documentation;
- Review the procedures and systems currently in use;
- Perform detailed test-checks on accounts and documents;
- Write the audit report with recommendation for action;
- Present and discuss the findings of the audit to the parties concerned (debriefing to senior management) and incorporate their comments in the report;
- Submit the requested copies in English before **18 March 2021** to WorldVeg.

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1. This meeting usually takes place in second half of April. Depending on the location of the meeting the attendance may be physical or virtual.
2. This date may change depending on the date the Board Meeting in 2021 is actually held.
The audit’s main field work will commence on 18 February 2021. WorldVeg will provide access to all relevant documents and files on the projects in order to enable the auditors to conduct the audit in an efficient manner.

The audit firm is highly encouraged to conduct an interim audit during the course of 2020 with the aim to familiarize itself with WorldVeg, its operations and its internal control system.

7. **QUALIFICATIONS AND EXPERIENCE**

- At least, one qualified Chartered Accountant or Certified Public Accountant full time plus any numbers and level of persons constituting the audit team, fulfilling the requirements. However, the team must be headed by the Chartered/Certified Public Accountant;
- A minimum of 15 years of experience in professional external audit practice;
- Experience in external audit of organizations financed by development partners;
- Familiarity with the accounting, auditing, and regulatory principles and procedures applicable to projects in developing countries financed by multilateral or bilateral funding institutions;
- Familiarity with WorldVeg’s accounting routines, rules and regulations or similar organizations is a plus
- Presence in South of Taiwan (in proximity of WorldVeg) and
- Fluency in English and Chinese.
III. QUESTIONNAIRE FOR BIDDERS

Overall Capabilities of the Firm

1. What is the size of the firm from which the audit would be performed? Please provide information on the number for each level of professional staff in the firm, partner/staff ratio and the number of audits performed annually by the office.

2. How many clients does the firm have, in what sectors does the client base predominate, is the client base dominated by a few clients, and what is the geographical spread of clients?

3. What experience does the firm have in auditing non-profit organization especially those involved in agricultural research or similar endeavors such as universities? Please list any such organizations audited in the past five years.

4. What is the nature of the firm’s affiliation with its worldwide firm?

5. Does the worldwide firm have a presence in the countries in which the Center has offices or facilities? How could the availability of such an international network assist with the cost-effective completion of Center audits?

6. What arrangements does the firm have to ensure that, if key personnel proposed for the audit cannot be made available or must rotate in accordance with the firm’s rotation policy, similarly qualified and experienced staff can be assigned in their place in a timely fashion?

7. Are there any legal actions or potential conflicts of interest relating to the firm that may impact the ability of the firm to provide services to the Center?

8. Can the firm provide client references to support its proposal?

Professional Team Assigned

9. What is the size, composition and organization of the professional team proposed for this assignment? Please provide the CVs of the proposed partners, managers, auditors-in-charge and any specialist auditors. Note the professional and academic qualifications, years of external audit experience, recent professional development activities, experience with audit of not-for-profit entities, experience with auditing against international financial reporting standards, and any experience with the audit of the Center or other International Agricultural Research Centers.
10. What is the time allocation for the various proposed members of the professional team? Please provide a time breakdown by interim and final audit phases.

**Proposed Methodology**

11. What is the firm’s approach to incorporating risk assessment into the planning and conduct of financial statement audits? How would this be expected to integrate with the client’s own risk management processes?

12. What is the firm’s approach to the balance of internal control review versus substantive testing for financial statement audits?

13. What is the firm’s approach to reviewing the computerized and manual controls over the financial reporting system, including review of the financial system?

14. What is the office’s proposed approach to interaction with the internal audit activity of the Center?

**Understanding of the Assignment**

15. What, in the office’s opinion, are the greatest risks for financial integrity and internal control for an enterprise like the Center (non-profit research, university or similar organizations)?

16. What features, if any, of the proposed audit approach does the office wish to highlight in terms of tailoring to the Center’s needs as an international non-profit organization?

17. What processes or access to knowledge databases does the office provide to keep the clients informed of the recent developments in the such fields as external audit, IFRS, internal audit, financial management, corporate governance, enterprise risk management?

**Cost**

18. General audit: what is the proposed fee to perform the Center’s annual audit?

19. For how many years can the proposed fee(s) be kept at the same level?

20. What would be the basis for fee increases in subsequent years?
21. What are the estimated “out of pocket” expenses to perform the Center’s annual audit? Please provide a breakdown of estimate by relevant expense categories.

22. Specific audits: what fee(s) would be charged to perform a donor requested audit of project financial statements? For this purpose, the office may quote fees for different categories of projects by financial size.

23. What are the estimated “out of pocket” expenses for these project audits? Please provide a breakdown of estimate by relevant expense categories.