

**Protected Area Network Fund (PANF)
Request for Proposal
For 3 Year Audit Contract**

I. Description of Entity

The Protected Areas Network Fund (PANF), a unit of the Government of the Republic of Palau, was formed on May 8, 2008, under the provisions of the Republic of Palau Public Law (RPPL) No. 7-42. The RPPL No. 7-42 created a Protected Area Network Fund, a non-profit corporation, governed by a nine-member Board of Directors appointed by the initial four-member Incorporators; namely The Nature Conservancy (TNC), Conservation International (CI), Ministry of Natural Resources, Environment and Tourism (MNRET), and Ministry of Finance (MOF) with the advice and consent of the Senate of the Olbiil Era Kelulau (OEK-Palau National Congress). The purpose of the PANF is to serve as a financial Trustee Corporation for all monies received for the Protected Area Network (PAN), to support and finance Protected Areas Network projects and programs by administering, managing, investing, monitoring, and disbursing PAN funds.

The fiscal year of the PANF begins on October 1 and ends September 30. The accounting policies of the PAN Fund conform to generally accepted accounting principles, as applicable to non-profit entities, specifically proprietary funds. The PAN Fund uses accrual basis of accounting. The actual assessment and collection of protected area network "Green Fees" began on November 2, 2009.

The engagement calls for an audit of the PAN Fund. Pursuant to RPPL No. 7-42, Section 3436 (a) states "Every year from the effective date of this Act, the PAN Fund shall hire an outside internationally recognized, independent auditor to audit the financial records of the Trustee Corporation. The audits shall include, but not limited to, the following:

- (1) An evaluation of whether operations conform to the purpose and scope of the PAN Fund; and
- (2) An evaluation of the governance of the PAN Fund.

The PANF is a semi-autonomous agency of the ROP National Government with non-profit status. The PANF maintains separate bank accounts, receives its revenues in the form of PAN Green Fees, which are collected by the Ministry of Finance (Division of Customs) and allotted to the PAN Fund on a periodic basis. The PAN Fund uses the Green Fees revenues to support PAN sites and their programs and activities. At present, the composition of the PAN Fund staff includes a General Manager, Fiscal Officer/Accountant, Grant Manager, Administrative Officer and Administrative Assistant.

II. Records and Accounting System

The PANF uses an automated accounting system. The automated accounting system uses an accounting software application called QuickBooks Pro 2015, which includes an Accounts Payable system. Revenues and expenditures are recorded in the automated accounting system. All records pertaining to the operations of the PAN Fund are maintained in the office, including revenues and expenditures. Records pertaining to the actual assessment and collection of Green Fees are maintained at the Division of Customs, Bureau of Revenue, Customs and Taxation, Ministry of Finance.

III. Scope of Services

The first audit will cover the period of fiscal year 2022, beginning on October 1, 2021 and ending on September 30, 2022. The second audit will cover the period of fiscal year 2023, beginning October 1, 2022 and ending on September 30, 2023. The third and final audit will cover the period of fiscal year

2024, beginning October 1, 2023 and ending on September 30, 2024. The auditor will conduct the audit 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 (Generally Accepted Accounting Principles, GAAP). The financial statements include, but not limited to, Statement of Operations, Statement of Financial Position, and Statement of Cash Flow. The audit will cover Green Fee revenues, grants, and other revenue sources and matching expenditures during the period. It will also include a review of investments of Green Fees and other revenue generating measures.

IV. Applicable Standards

1. The audit must be performed in accordance with Government Auditing Standards and Generally Accepted Auditing Standards and cover the entire operations of PAN Fund, specifically the PAN Fund financial statements and Schedule of Expenditures of grants and international donor contributions. Testing of revenues must include Green Fees to determine compliance with the provisions and terms and conditions of the RPPL 7-42 and related amendments.

A. Independent Auditor

1. The audit shall be made by an independent auditor. An "independent auditor" means (1) a State or local government auditor who meets the independence standards specified in the generally accepted government auditing standards, or (2) a public accountant who meets such independence standards.
2. The audit shall be made in accordance with generally accepted government audit standards and generally accepted auditing standards covering financial and compliance audits.
3. The audit shall cover the entire operations of the PAN Fund including any Republic of Palau "Green Fee" and International Grants/Donations.

B. Requirement of the Auditor

OMB Circular A-133 specifies that the auditor shall determine whether:

1. The Financial statements of the PAN Fund, present fairly its financial position and results of its financial operations in accordance with generally accepted accounting principles (GAAP).
2. The organization has internal accounting and other control systems to provide reasonable assurance that it is managing its programs in compliance with applicable laws and regulations.
3. The organization has complied with laws and regulations that may have material effect on its financial statements.

C. Mandatory Qualifications of the Auditor

The following information must be submitted by all respondents:

1. An affirmation that the proposer 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.
2. An affirmation that the proposer meets the independence requirements of Generally Accepted Government Auditing Standards (Yellow Book), 2011 revision.

3. An affirmation that the respondent does not have a record of substandard audit work.
4. The respondent must submit a copy of most recent peer review report.
5. An affirmation that the respondent meets any other specific qualification requirements imposed by the Republic of Palau Public Accountancy Act and has been licensed and permitted by the Board of Accountancy to practice in Palau.

V. Entrance/Exit Conference and Progress Meetings

The Auditor shall meet with the General Manager and the Fiscal Officer/Accountant of PAN Fund, and/or Treasurer of the Board to discuss the planning, approach, documentation requirements, and other relevant issues at the Entrance Conference prior to commencing of the audit. Similarly, the auditor will meet, from time to time, during the course of the audit, with General Manager and Fiscal Officer/Accountant to discuss the progress of the audit and potential findings and other related matters and concerns. Upon issuing a draft audit report, the auditor shall hold an Exit Conference with the General Manager and the Fiscal Officer/Accountant of the PAN Fund and Board of Directors to discuss the report and related findings, recommendations, and related matters.

VI. Assistance Available to Proposers

1. The Accountant will be available to assist the proposer.
 - a. The PANF will provide adequate working space for the proposer, which working space, will be within the vicinity of the records.
 - b. The Accountant can prepare schedules, reproduce documents, pull documents, and etc.
 - c. The PANF uses "QuickBooks Pro, 2015 Version" accounting system and is available for auditing purposes.
2. The office of Rachel Dimitruk is the legal counsel for the PAN Fund and is available to discuss the legal issues related to the audit.

VII. Reports Required

At the conclusion of the audit, the auditor is required to submit the following reports:

- (1) Report on the Audit of Financial Statements in accordance with GAAP,
- (2) Independent Auditor's Report on the Internal Control Structure,
- (3) Independent Auditor's Report on Compliance with Laws and Regulations, and
- (4) A separate letter to Management detailing internal control findings and other deficiencies.
 - A. The auditor's opinion report on the financial statements and on a schedule of "Green Fees" and Donor funds, showing the total expenditures for each fund, when applicable.
 - B. The auditor's report on the study and evaluation of internal control systems and it must identify the organization's significant internal accounting controls, and those controls designed to provide reasonable assurance that "Green Fees" and donor funds are being managed in compliance with applicable agreements. This report must identify the controls which were evaluated, and the material weaknesses identified as a result of the evaluation.
 - C. The auditor's report on compliance containing:

1. A statement of positive assurance with respect to those items tested for compliance including compliance with laws, rules and regulations pertaining to "Green Fee" and donor funds and other items which could have a material effect on financial reports and claims for advances and reimbursements. In addition, the auditor's report must disclose whether the organization has complied with laws and regulations that may have material effect on each major donor assistance programs; if any.
2. A statement of negative assurance on those items not tested.
3. A summary of all instances of noncompliance, and,
4. An identification of total amounts of costs questioned, if any, for each "Green Fee" and donor funds as a result of noncompliance.
5. Other statements or reports to satisfy State and local government requirements.
6. Reports on fraud, abuse, illegal acts or indication of such acts including all questioned costs found as the results of these acts should be covered in a separate written confidential report to the Office of the Public Auditor.

VIII. Submission of the Proposal

Proposal must be post-marked before July 13, 2022 and received at the office of the Protected Areas Network Fund no later than 4:00 p.m., local time. Proposal arriving later than this time will not be considered.

The fee proposal should not be disclosed in the main body of the proposal but should be submitted in a separate sealed envelope. Proposal must respond to all the structured criteria as contained in the Request for Proposal (RFP).

The PAN Fund reserved the right to:

1. Reject all proposals and/or reissue an amended RFP.
2. Request additional information from proposer.
3. Waive any non-material violation of rule contained in this RFP.
4. Negotiate a contract with the firm selected for the engagement.

The PANF will not reimburse or pay for any costs incurred in preparing and submitting a proposal in response to this RFP.

IX. Fee Proposal

The fee proposal should be submitted in a separate sealed envelope and the fee amount should not be disclosed anywhere in the proposal. The proposer will be expected to provide transportation, temporary housing and meals while performing the audits.

X. Project Schedule

The following dates and time shall be adhered to and remain unless waived in writing by the appropriate officer of the PAN Fund:

1. All proposals must be received by the General Manager/Fiscal Officer/Accountant by July 13, 2022 at 4:00 p.m. Proposals received after this date and time will not be considered.
2. Proposals and bid opening and evaluation will be conducted on July 22, 2022 at 10:00 a.m. at the office of PAN Fund.
3. Contract will be awarded no later than September 15, 2022.
4. Preliminary audit work and related fiscal-year-end cut-off procedures can commence on October 30, 2022.
5. Preliminary (Draft) audit report should be completed by November 30, 2022.
6. Final audit reports should be completed and delivered by December 31, 2022.

XI. Contractual Arrangements

This is a 3-year contract which shall cover fiscal years 2022, 2023, 2024. Billings and payments shall be in accordance with progress of work which shall be submitted to the General Manager/Fiscal Officer/ Accountant for review and payment, subject to 20% retention to be released upon receipt of final report.

XII. Report Review, Timing, and Number of Copies

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

1. A draft audit report shall be submitted to General Manager/Accountant of the PAN Fund, for review and response. According to the Public Auditing Act, the auditee shall have 30 days to respond to the report and contents of the response shall be incorporated in the final report.
2. A copy of the final report shall be submitted to the Office of the Public Auditor, P.O. Box 850, Koror, Palau 96940 for its review.
3. During the course of the audit, any instances or indications of fraud, waste and illegal acts must be covered by a separate written report to the Office of Public Auditor, P.O. Box 850, Koror, Palau 96940.
4. Management reports should be submitted as part of the audit report.

XIII. Working Papers

1. Working papers will be retained for at least three years.
2. Working papers will be available for examination by the Office of Palau Protected Areas Network Fund and the Office of the Public Auditor.

XIV. Billings and Payments

1. A retainer shall be paid upon commencement of work.
2. Payments shall be in accordance with progress of work.
3. Progress billings shall be remitted to PAN Fund.
4. 20% Retention shall apply and shall be released subject to delivery of final report.