CLARIFICATION QUESTIONS AND RESPONSES

Financial Audit of FCDO Phase V 2026/2027

GRC/RFP/P26-049

Date of Publication: 10 August 2026

https://globalrightscompliance.org/

Stichting "Global Rights Compliance Foundation", Prinses Margrietplantsoen 33, 2595 AM Gravenhage Nederland Kvk number 70 048436, RSIN number 85811884.

CLARIFICATION QUESTIONS AND RESPONSES

The following questions were received from prospective offerors during the clarification period. Questions have been anonymised to preserve the integrity, fairness and confidentiality of the procurement process. GRC's responses are set out below each question:

Question 1: Applicable professional standard

The main RFP refers to an audit performed under ISA 800. Attachment IV (TOR FOR EXTERNAL FINANCIAL AUDIT OF A PROJECT, ISF UKRAINE.) states that the engagement should be conducted under ISRS 4400 (Revised), while the subsequent Scope section again refers to the International Standards on Auditing.

Please confirm:

a. Which professional standard is intended to govern the engagement.

b. Which document or requirement takes precedence in the event of inconsistency between the main RFP and Attachment IV.

Answer 1:

In the event of any inconsistency between the main RFP and the BEK ISF Terms of Reference contained in Attachment IV, the BEK ISF Terms of Reference shall prevail. Prospective offerors should prepare their proposals on this basis and ensure that their proposed methodological approach is consistent with the requirements of the BEK ISF Terms of Reference as the governing document.

Question 2: **Form of the required reports**

ISRS 4400 (Revised) provides for a report of agreed-upon procedures and factual findings, rather than an audit opinion. At the same time, the Terms of Reference require opinions on the Project Financial Statement, compliance with the funding agreement, reliability of financial reporting, and fraud and corruption.

Would GRC and ISF accept the following reporting structure:

a. An independent auditor's report on the special-purpose Project Financial Statement, prepared in accordance with the International Standards on Auditing, including ISA 800 where applicable.
b. A separate agreed-upon procedures report under ISRS 4400 (Revised), covering the detailed donor-compliance procedures set out in Attachment IV.
c. A separate Management Letter.

If a different reporting structure is mandatory, please provide the donor-approved report template or the exact required wording of the reports

Answer 2:

The reporting requirements are those specified in the BEK ISF Terms of Reference, which constitute the governing document for this engagement. Prospective offerors should propose a reporting approach that complies with the applicable professional standards while satisfying in full the reporting requirements set out in the BEK ISF Terms of Reference. Proposals may therefore include a proposed reporting structure, provided it demonstrably meets all TOR requirements and is consistent with applicable professional standards.

For the avoidance of doubt, no donor-approved report template or prescribed report wording has been issued beyond the requirements contained in the BEK ISF Terms of Reference. The successful bidder will not be provided with a mandatory template. The reporting structure proposed by the auditor must be technically defensible and compliant with the TOR.

Question 3: Required level of assurance

For the requirement to comment on:

- The "accuracy and propriety" of ISF expenditure.
- The extent to which ISF may rely on the Implementing Partner's financial reporting as a basis for funding disbursements.
- Compliance with the ISF funding agreement.

Please confirm whether the expected output is:

- A reasonable assurance opinion.
- A limited assurance conclusion.
- An agreed-upon procedures report containing factual findings.

Please also specify the criteria against which "propriety" and "reliability" should be assessed.

Answer 3:

The engagement should be conducted in full accordance with the BEK ISF Terms of Reference. The level of assurance required, and the form of reporting output should be determined by the applicable professional standards and the requirements of the TOR read as a whole. GRC has not prescribed a specific assurance level beyond the requirements set out in the TOR.

With respect to the criteria against which propriety and reliability are to be assessed, prospective offerors should apply the criteria set out in the RFP and the BEK ISF Terms of Reference. Proposals should set out the offeror's proposed approach to these criteria and the professional standards under which the relevant conclusions or findings will be reported.

Question 4: Fraud and corruption requirement

Please clarify the intended scope of the requirement to provide an opinion on the potential for fraud and corruption.

Would it be acceptable for the auditor to:

- Assess fraud risk factors relevant to the financial reporting and use of project funds.
- Perform procedures responding to identified fraud risks.
- Report any known, suspected or identified incidents.
- Quantify possible financial losses where sufficient information is available.
- Report relevant control deficiencies and recommendations.

This would be provided without expressing an opinion on the general “potential for fraud and corruption” or providing assurance that fraud or corruption is absent.

Answer 4:

The auditor should address the fraud and corruption requirement in full accordance with the BEK ISF Terms of Reference and the applicable professional standards. Any observations, identified fraud risk factors, actual or suspected fraud or corruption, and related findings required by the TOR should be reported in a manner consistent with the applicable professional standards and the requirements of the TOR. GRC has not prescribed a specific form of opinion or assurance on this matter beyond the TOR requirements. Prospective offerors should set out their proposed approach to this requirement in their technical proposals, including the professional standards under which fraud-related findings will be reported.

Question 5: Responsibility for the Project Financial Statement

Attachment IV states that the auditors should “produce complete and accurate financial statements” and prepare a reconciliation between funding received and amounts disbursed by ISF.

Please confirm that:

a. GRC management will prepare and approve the Project Financial Statement, related notes and reconciliation.
b. GRC management will remain responsible for the completeness and accuracy of these documents.
c. The auditor’s responsibility will be to audit or test the information prepared by management.
d. If the auditor is expected to assist with the preparation of the statements or reconciliation, please clarify the precise scope of this assistance and whether it should be treated as a separate non-assurance service

Answer 5:

GRC confirms the following:

a. GRC management will prepare and approve the Project Financial Statement, reconciliation, and all supporting schedules.
b. GRC management is responsible for the completeness and accuracy of all financial documents provided to the auditor.
c. The auditor's responsibility is to perform the engagement in accordance with the applicable professional standards and the BEK ISF Terms of Reference. The auditor's role is to audit or test the information prepared by management, not to prepare it.
d. The auditor is not expected to prepare the Project Financial Statement, reconciliation, or supporting schedules as part of this engagement.

Question 6: Financial reporting framework and currency conversion

a. Whether the Project Financial Statement is prepared on a cash or accrual basis.
b. The applicable special-purpose financial reporting framework.
c. The official reporting currency of the Project Financial Statement.
d. The contractual methodology and source of exchange rates to be used.
e. Whether the monthly Excel conversion of QuickBooks records from EUR to GBP forms part of the Project Financial Statement subject to audit.
f. How foreign exchange gains and losses should be presented.

Answer 6:

GRC confirms:

a. *Basis of preparation:* The Project Financial Statement is prepared on an accrual basis.
b. *Financial reporting framework:* The Project Financial Statement is prepared as a special-purpose financial statement in accordance with the donor reporting requirements set out in the Grant Agreement and associated financial reporting requirements.
c. *Reporting currency:* GRC's accounting records are maintained in EUR within QuickBooks. Donor financial reporting is prepared and submitted in GBP.

Supporting schedules include the manual EUR-to-GBP conversion used for donor reporting purposes.

d. *Exchange rate methodology:* Expenditure is converted from EUR to GBP using the OANDA exchange rate applicable on the date of each expenditure transaction, consistent with donor reporting requirements. This methodology applies throughout the project period.
e. *Conversion schedules:* The manual EUR-to-GBP conversion schedules supporting the donor financial report form part of the financial information available for audit. For the avoidance of doubt, QuickBooks does not perform this conversion; the conversion is applied manually through supporting Excel schedules.
f. *Foreign exchange gains and losses:* Foreign exchange gains and losses should be treated in accordance with the Grant Agreement and the BEK ISF Terms of Reference.

Question 7: ODA and non-ODA project numbers

The RFP refers to two project numbers: PEA ISFD UKV 0515004 (ODA) and PEA ISFD UKV 0526001 (non-ODA).

Please confirm whether the auditor is expected to issue:

a. One combined Project Financial Statement and one report covering both project numbers.
b. Separate schedules or separate reports for the ODA and non-ODA funding streams.

Answer 7:

GRC confirms that although the funding comprises separate ODA and non-ODA project references, they form a single grant and are managed as one project for the purposes of this procurement and engagement. The auditor is expected to treat the engagement as a single project. One combined Project Financial Statement and one report covering both project references is the expected output. Separate reports for the ODA and non-ODA funding streams are not required.

Question 8: Downstream entities

Attachment IV states that payments made to downstream entities should be reviewed, but that expenditures incurred by downstream entities should not be reviewed.

Please confirm:

a. That the scope is limited to testing payments made by GRC to downstream entities and compliance with the relevant agreements and approved budgets.
b. That no audit or testing of the underlying expenditure incurred by downstream entities is required.
c. The number of downstream entities, their countries of operation, the total value of payments and the approximate number of transactions.

Answer 8:

a. Confirmed. The audit scope in respect of downstream entities is limited to testing payments made by GRC to downstream entities and assessing compliance with the relevant agreements and approved budgets.
b. Confirmed. No audit or testing of the underlying expenditure incurred by downstream entities is required or expected under this engagement.
c. GRC confirms that there are no downstream entities under this project. Accordingly, no audit procedures relating to downstream entities are expected to be required. Transaction volumes and values at downstream entity level are not applicable and will not be disclosed as part of this procurement clarification process

Question 9: Sampling, materiality and transaction coverage

Please confirm whether ISF has prescribed:

a. A specific materiality threshold.
b. A required sample size or percentage of expenditure coverage.
c. Categories of transactions that must be tested at 100%.
d. A requirement to test all transactions lacking supporting documentation regardless of value.
e. Given that approximately 20% of the population comprises repetitive bank charges below EUR 16, please confirm whether these may be addressed through data analytics, stratification and representative sampling.

Answer 9:

a. No specific materiality threshold this engagement.
b. No required sample size or minimum percentage of expenditure coverage has been prescribed.
c. No categories of transactions have been designated for 100% testing.
d. This item is not applicable. GRC confirms that it does not process any payments without supporting documentation and appropriate internal approval. All transactions in the population are supported by documentation.
e. With respect to the treatment of repetitive bank charges below EUR 16, GRC has not prescribed any sampling methodology for this engagement. Auditors should determine an appropriate and professionally defensible sampling methodology in accordance with the applicable professional standards and the BEK ISF Terms of Reference.

Question 10: Requirements that may not be applicable

The RFP states that GRC has no employees and that the project has no equipment or capital expenditure.

Please confirm that the following procedures may be reported as not applicable where supported by the project records:

a. Testing of employee salaries, overtime, bonuses and dividends.
b. Physical verification of inventories and fixed assets.
c. Review of asset and inventory registers.

Please also confirm whether consultant procurement should be included when identifying the three largest procurements

Answer 10:

a. Confirmed. Testing of employee salaries, overtime, bonuses, and dividends is not applicable to this engagement and may be reported as such where supported by the project records.
b. Confirmed. Physical verification of inventories and fixed assets is not applicable and may be reported as such.
c. Confirmed. Review of asset and inventory registers is not applicable and may be reported as such.

With respect to the identification of the three largest procurements: GRC confirms that consultant procurements should be included when identifying the three largest procurements referred to in the BEK ISF Terms of Reference.

Question 11: VAT treatment

The main RFP states that the Foundation is VAT exempt, while Attachment IV requires project costs to exclude VAT unless approved by the Authority.

Please clarify:

a. The applicable VAT treatment for the project.
b. Whether any non-recoverable VAT may be eligible
c. Whether the auditor is expected to quantify VAT based on invoice-level testing or another specified methodology.

Answer 11:

a. GRC confirms that certain Netherlands-based consultants engaged on this project may be legally required to charge Dutch VAT under applicable Netherlands tax law. Where such VAT has been charged and included in project costs, those costs are subject to the donor requirements contained in the Grant Agreement and any required donor approvals in accordance with Attachment IV.
b. Non-recoverable VAT eligibility is not applicable in the context of this engagement.
c. The auditor is not expected to quantify VAT based on invoice-level testing or any other specified methodology. This item is not applicable.

Question 12: Timing and commencement date

Please clarify what constitutes “commencement of the audit” for the purpose of the 15-working-day draft report deadline:

a. Signing of the engagement letter.
b. Receipt of the complete audit information package.
c. Start of audit fieldwork.
d. Another defined date.
e. The date by which the complete accounting records, final financial report, approved budget, contracts and supporting documentation will be available.
f. The period available to GRC management to prepare comments on the draft findings.

Whether the final report deadline of five working days after the draft includes the time required to obtain management comments.

Answer 12:

GRC confirms the following timeline and definitions for this engagement:

Commencement of fieldwork: The TOR requires field work /draft to be completed within 15 days and 5 days for review of report and management letter. Please refer to the RFP. Field work defined as when you receive all the requested sample documentation from GRC.

For the purposes of this procurement, commencement of fieldwork means the date on which GRC has provided the requested audit sample documentation to the auditor and the auditor commences audit procedures.

a. GRC anticipates that the accounting records, supporting documentation, final financial report, approved budget, and contracts will be available by **30 April 2027**, subject to completion of the year-end financial reporting process.
b. Management comments on the draft findings will be provided during the five-working-day review period provided for in the RFP and BEK ISF Terms of Reference.
c. GRC confirms that the five-working-day period following completion of fieldwork and issuance of the draft report is intended to cover the full review and finalisation process, including the exchange of management comments and responses between the auditor and GRC on both the draft audit report and the draft management letter. The total time allowed for the engagement, per the RFP and FCDO requirements, is **20 consecutive working days in total**: 15 working days for fieldwork and draft report preparation, followed by 5 working days for review, management comments, and finalisation.

Question 13: Report addressees and use

Please confirm:

a. The legal addressee of each report.
b. The intended users of the reports.
c. Whether the reports will be restricted to GRC, ISF and FCDO.
d. Whether FCDO or ISF intends to place direct reliance on the auditor’s reports.

e. Whether any specific liability, reliance or distribution wording is required.

Answer 13:

a. *Legal addressee:* As specified in the BEK ISF Terms of Reference, the auditor shall address reports to GRC as the Implementing Partner, with copies to the relevant ISF Programme Manager and Finance Manager.
b. *Intended users:* The primary intended users of the audit reports are FCDO and GRC.
c. *Distribution:* GRC reserves the right to share the audit report with current or prospective donors, regulators, auditors, and other stakeholders where appropriate and in accordance with GRC's obligations under the Grant Agreement.
d. *Direct reliance:* Prospective offerors are referred to the BEK ISF Terms of Reference for the applicable provisions on reliance by FCDO and ISF.
e. *Liability and distribution wording:* No additional liability, reliance, or distribution wording is prescribed by GRC beyond the requirements set out in the BEK ISF Terms of Reference.

Question 14: Remote work and locations visited

The RFP states that the audit will be conducted primarily remotely, while Attachment IV requires the report to identify locations visited.

Please confirm whether any physical visits are mandatory and, if so, the expected locations and duration.

Answer 14:

GRC confirms that no physical site visits are anticipated or required under this engagement. All financial records and supporting documentation will be provided to the auditor electronically. The requirement in Attachment IV to identify locations visited should be addressed in the audit report by confirming that the engagement was conducted entirely remotely and that all records were provided and reviewed electronically.

No in-person visits to GRC's offices or project locations are expected or required.

Question 15: Proposal structure and eligibility documentation

Please clarify:

a. Whether the Technical Approach and Past Performance sections are scored out of 100 points and then converted to 70% of the final score.
b. Which attachment order should be followed, as the RFP contains different references to Attachments I, III and IV.
c. What constitutes acceptable evidence of a “Peer Review”.
d. Whether an official company registration extract is acceptable where the jurisdiction does not issue a business licence with an expiry date.

e. We would also appreciate receiving, where available, the donor-approved reporting templates, the latest approved project budget, the financial reporting template and a redacted example of the prior-period audit report

Answer 15:

a. *Scoring methodology:* GRC confirms that technical proposals are scored out of 100 points and represent 70% of the final evaluation score. Financial proposals represent the remaining 30%, as described in Attachment II of the RFP.
b. *Attachment numbering:* Prospective offerors should follow the attachment numbering contained in the RFP. Any typographical inconsistencies in attachment references within the RFP document should not affect proposal preparation.
c. *Peer review evidence:* A recognised external peer review or quality assurance review conducted in accordance with the regulatory requirements applicable in the auditor's jurisdiction will be accepted as evidence of peer review compliance.
d. *Company registration:* Where the offeror's jurisdiction does not issue a business licence with an expiry date, an official company registration extract or equivalent official registration document issued by the competent authority in the relevant jurisdiction will be accepted as proof of legal status and registration.
e. Due to the confidential and commercially sensitive nature of these documents, GRC is unable to share them publicly as part of the procurement clarification process. The successful bidder will be provided with the relevant approved budget, financial reporting templates, and where appropriate, examples of prior audit documentation following contract award and execution of the engagement agreement, subject to the applicable confidentiality obligations.

This document constitutes the complete and authoritative record of clarifications issued under procurement reference **GRC/RFP/P26-049** as of 10 August 2026. It supersedes any informal clarifications provided prior to this publication. All prospective offerors are bound by the content of this document in the preparation of their proposals. All other terms and conditions of the original RFP remain unchanged and in full force and effect.

Prospective offerors remain responsible for satisfying themselves as to the scope of the Services and for preparing their proposals on the basis of the RFP and this Clarification Notice. GRC shall not be responsible for any assumptions made by an offeror that are inconsistent with the procurement documentation.

This Clarification Notice has been issued solely for the purposes of this procurement process. It does not constitute an amendment to any future contract except to the extent expressly incorporated into the final executed agreement between GRC and the successful offeror.