



**THE INTERNATIONAL SCIENCE
AND TECHNOLOGY CENTER**

**THE SCIENCE AND TECHNOLOGY
CENTER IN UKRAINE**

REQUEST FOR PROPOSALS NO.AB-07-128

AUDIT SERVICES

TABLE OF CONTENTS

LETTER OF INVITATION	1
INSTRUCTIONS TO AUDITORS	2
I. GENERAL INFORMATION	2
A. PURPOSE	2
B. SCHEDULE	2
II. ISTC AND STCU INFORMATION	2
III. STATEMENT OF NEEDS	2
A. AUDIT REQUIREMENTS	4
B. REPORTING AND DELIVERY REQUIREMENTS	4
IV. PROPOSAL PREPARATION AND SUBMISSION REQUIREMENTS	4
A. GENERAL PROPOSAL PREPARATION REQUIREMENTS	4
B. SPECIFIC PROPOSAL PREPARATION REQUIREMENTS	5
V. EVALUATION AND AWARD CRITERIA	7
VI. TERMS AND CONDITIONS	7
A. APPLICABLE LAW AND COURTS	7
B. ETHICS IN PUBLIC CONTRACTING	7
C. DEBARMENT STATUS	7
D. MANDATORY USE OF TERMS AND CONDITIONS	7
E. CLARIFICATION OF TERMS	7
F. QUALIFICATIONS OF AUDITORS,	8
G. PROPRIETARY INFORMATION	8
H. OFFICE HOURS & LOCATION	8
I. HIGHER LEVEL AUDIT SERVICES.	8
J. CHANGES IN AUDITING STANDARDS	8
K. RATES FOR ADDITIONAL PROFESSIONAL SERVICES	8
ATTACHMENT A INFORMATION ABOUT THE ISTC	9
A. GENERAL INFORMATION	9
B. ACCOUNTING INFORMATION	10
C. FINANCIAL ACTIVITY	10
D. SYSTEMS & PROCEDURES	11
E. PRIOR YEAR FINANCIAL REPORTS	11
F. SUB-RECIPIENTS	11
G. CONTACT INFORMATION FOR FURTHER ASSISTANCE	11
H. REPRESENTATION LETTER	12
I. AUDITOR'S WORK AREA	12
ATTACHMENT B INFORMATION ABOUT THE STCU	13
A. GENERAL INFORMATION	13
B. ACCOUNTING INFORMATION	13
C. FINANCIAL ACTIVITY	14
D. SYSTEMS & PROCEDURES	15
E. CURRENT AND PRIOR YEAR FINANCIAL REPORTS	15
F. SUB-RECIPIENTS	15
G. PREVIOUS AUDITOR	15
H. CONTACT INFORMATION FOR FURTHER ASSISTANCE	15
I. REPRESENTATION LETTER	16
J. AUDITOR'S WORK AREA	16
ATTACHMENT C MANDATORY PRE-QUALIFICATION FORM	17
ATTACHMENT D MODEL FORMAT OF PROPOSAL	19
ATTACHMENT E SAMPLE FORM OF AGREEMENT	25
ATTACHMENT F EVALUATION PROCEDURE AND CRITERIA	36

LETTER OF INVITATION

1. The Science and Technology Center of Ukraine (“the STCU”), in conjunction with the International Science and Technology Center (“the ISTC”), is honored to issue this request for proposals (“RFP”) for furnishing the audit services described herein.
2. Complete proposals should be submitted electronically via the dedicated ISTC/STCU e-mail (tender2@istc.int) and must contain “Audit services 2018-2020” in the e-mail header. All proposals must be received till 14:00 p.m. Astana time on 17th of August, 2018.
3. If any prospective Auditor has questions about the specifications or other solicitation documents, the prospective proposer should request further information via the dedicated ISTC/STCU e-mail (tenderquestions2@istc.int) and must contain “Audit services 2018-2020” in the e-mail header. The deadline for submission of questions is 13th of July, 2018, 14.00 p.m/ Astana time. Clarifications will be posted on the dedicated “Audit services 2018-2020” link on the ISTC (www.istc.int) and STCU (<http://www.stcu.int>) websites.
4. All correspondence and documents related to the tender must be submitted in English.
5. The Auditor is fully responsible for the submission of a proposal. Proposals can be withdrawn at any time until the deadline. Late proposals will be disqualified.
6. In order to be considered for selection, Auditors must submit a complete response to the RFP. Incomplete proposals may not be considered if the omissions are determined to be significant. Proposals must be submitted in two parts:

Part A Technical Proposal

**Part B Financial Proposal for STCU
 Financial Proposal for ISTC**

The ISTC and STCU reserve the right to reject any and all proposals submitted and to request additional information from all proposers. Any contract awarded will be awarded to the Auditor, who, based upon evaluation of all proposals, is determined to have submitted the proposal with the lowest evaluated price, considering both technical factors and cost.

INSTRUCTIONS TO AUDITORS

I. GENERAL INFORMATION

A. PURPOSE

The purpose of this Request for Proposals is to establish two (2) contracts for the professional services of a Certified Public Accountant or Chartered Accountant (the "Auditor") for financial and compliance audits for fiscal years ending 31st December 2018, 2019 and an option of extending contracts for the fiscal year 2020 for both the ISTC and STCU., These contracts are subject to annual review and the annual availability of funds for audit services by the ISTC and STCU. The intent of this RFP is to award both contracts to one bidder. However, if awarding the contracts separately is deemed financially beneficial to the STCU and ISTC, then the contracts may be awarded to separate bidders.

The Auditor may submit a tender for one audit only or for both audits.

An Auditor may include in its proposal the overall discount it would grant in the event of being awarded both the audits for which it has submitted a proposal. The discount should be clearly indicated for each contract.

Each audit will form a separate contract. Contracts will be awarded for specified audits but the Centers may select the most favorable overall solution after taking account of any discounts offered.

B. SCHEDULE

The timetable for this RFP is presented below:

	DATE	TIME*
Clarification meeting / site visit (if any)	Not applicable	Not applicable
Deadline for requesting clarifications	13 th of July, 2018	14.00 p.m/ Astana time
Last date on which clarifications are issued	20 th of July, 2018	-
Deadline for submission of proposals	17 th of August, 2018	14.00 p.m/ Astana time
Tender opening session	20/08/18-24/08/18	
Notification of award to the successful Auditors	27/08/18-07/09/18	
Signature of the contract	10/09/18-24/09/18	

II. ISTC AND STCU INFORMATION

Information regarding ISTC records, systems, procedures, expenditure levels, and other relevant data is included as *Attachment A* to this Request for Proposal while the same information for the STCU is included as *Attachment B*. Copies of prior audit reports, internal control survey documents, management letters, financial statements, budgets and other documents relevant to the audit engagement are available on the Centers' websites or will be provided via email upon requests.

III. STATEMENT OF NEEDS

A. AUDIT REQUIREMENTS

The audits shall be conducted in accordance with the International Standards on Auditing ("ISA"),

promulgated by the International Auditing and Assurance Standards Board. The audit shall be designed to accomplish the following objectives:

1. To determine whether the financial statements present fairly the financial position and results of financial operations and cash flows in accordance with international accounting standards and whether the supplementary information is fairly presented in all material respects in relation to the financial statements taken as a whole.
2. To obtain an understanding of internal control over financial reporting sufficient to plan the audit by performing procedures to understand both the design of controls relevant to an audit of financial-statements and whether they have been placed in operation, and assess control risk.
3. To provide reasonable assurance that the financial statements are free of material misstatements resulting from violations of laws and regulations that have a direct and material effect on the determination of financial statement amounts. The Auditor's responsibility to detect and report misstatements resulting from illegal acts having a direct and material effect on the determination of financial statement amounts is the same as that for errors and irregularities. In addition, the Auditor should be aware of the possibility that illegal acts that may, in particular circumstances, be regarded as having material but indirect effects on financial statements may have occurred. If specific information comes to the Auditor's attention that provides evidence concerning the existence of possible illegal acts that could have a material indirect effect on the financial statements, the Auditor should apply audit procedures specifically directed to ascertaining whether an illegal act has occurred.
4. To provide reasonable assurance of detecting material misstatements resulting from non-compliance with provisions of contracts or grant agreements that have a direct and material effect on the determination of financial statement amounts. If specific information comes to the Auditor's attention that provides evidence concerning the existence of possible non-compliance that could have a material indirect effect on the financial statements, Auditors should apply audit procedures specifically directed to ascertaining whether such non-compliance has occurred.
5. To follow up on observations and recommendations from previous audits.
6. To prepare working papers containing sufficient information to enable an experienced Auditor having no previous connection with the audit to ascertain from them the evidence that supports the Auditor's significant conclusions and judgments.
7. To determine whether the ISTC and the STCU complied with applicable laws, regulations, and the provisions of contracts and / or agreements pertaining to funding party awards that have a direct and material effect on the ISTC / STCU activities. With regard to internal control over compliance, the Auditor is required to do the following:
 - i) perform procedures to obtain an understanding of internal control over activities that is sufficient to plan the audit to support a low assessed level of control risk for major activities;
 - ii) plan the testing of internal control over major activities to support a low assessed level of control risk for the assertions relevant to the compliance requirements for each major activity;

- iii) perform tests of internal control (unless the internal control is likely to be ineffective in preventing or detecting non-compliance).

B REPORTING AND DELIVERY REQUIREMENTS

The Auditor will prepare and provide five (5) copies each of the following audit reports for each audit:

1. Independent Auditor's report on the financial statements. The report on the financial statements should either:
 - i. Describe the scope of the Auditor's testing of compliance with laws and regulations and internal controls and present the results of those tests
 - ii. Refer to separate reports containing that information.
2. A written letter of recommendations (management letter) containing matters not included in the Auditor's report on compliance and on internal control over financial reporting shall be prepared and presented to the Chief Financial Officer of the ISTC / STCU at the conclusion of each annual audit. This letter shall address significant exceptions in accounting practices, instances of non-compliance with laws and regulations, and internal control deficiencies, which do not represent reportable conditions or material weaknesses. The Auditor must offer recommendations for appropriate corrective action for each item contained in the management letter.
3. A preliminary draft of all reports shall be submitted to the Chief Financial Officer of the ISTC / STCU prior to their release. The Chief Financial Officer will review and approve the release of all final reports.
4. The Auditor shall send copies of the reports listed above directly to the Chief Financial Officer of the ISTC or STCU as the case may be.

IV. PROPOSAL PREPARATION AND SUBMISSION REQUIREMENTS

A. GENERAL PROPOSAL PREPARATION REQUIREMENTS

1. Proposal Preparation
 - i) Proposals shall be signed by an authorized representative of the Auditor. All information requested must be submitted. The requirements listed in Part IV, Section B are mandatory.
 - ii) Proposals shall provide a straightforward, concise description of capabilities to satisfy the requirements of the RFP. Emphasis should be placed on completeness and clarity of content.
 - iii) Each document of the technical proposal shall be bound in a single volume and relate solely to the response to the RFP. **Nothing shall be included in the technical proposal, which would indicate, in whole or in part, the cost component of the proposal or would be otherwise indicative of the dollar amount associated with the technical proposal.** All cost component documentation should be included in a separate document clearly labeled as to contents. Proposals should be organized in accordance with *Attachment D: Model Format of Proposal*.

- iv) Ownership of all data, materials and documentation prepared for and submitted to the ISTC / STCU in response to the RFP shall belong exclusively to the ISTC / STCU.
- v) Any price offerings from proposers must be valid for a period of 120 days from the due date of the proposals.
- vi) Complete proposals should be submitted electronically via the dedicated ISTC/STCU e-mail (tender2@istc.int) and must contain “Audit services 2018-2020” in the e-mail header. All Bids must be received by 14:00 p.m. Astana time on 17th of August, 2018. The bidder is fully responsible for the submission of a proposal. Proposals can be withdrawn at any time until the deadline.

2. Oral presentation

Auditors who submit a proposal in response to the RFP may be required to give an oral presentation of their proposal to the ISTC / STCU representatives. This provides an opportunity for the Auditor to clarify or elaborate on the proposal. This is a fact finding and explanation session only and does not contemplate or authorize negotiation. Oral presentation is an option of the ISTC / STCU in its sole discretion at the ISTC / STCU's request.

- 3. Costs incurred to prepare a proposal are solely those of the proposer. Nothing contained within this RFP is indicative of an intent by the ISTC / STCU to reimburse the proposer, in whole or in part, for any costs associated with preparation, submission, or presentation of proposals.

B. SPECIFIC PROPOSAL PREPARATION REQUIREMENTS

Proposals shall be as thorough and detailed as possible so that the ISTC / STCU may properly evaluate the Auditor's capabilities to provide the required services. Proposals should be organized in accordance with *Attachment D: Model Format of Proposal*. Proposers shall submit the following items as a complete proposal:

1. TECHNICAL COMPONENT OF PROPOSAL

- i) The return of this complete RFP, signed and filled out as required.
- ii) The purpose of the *Mandatory Pre-Qualification Form, Attachment C*, is to determine if the Auditor meets the following mandatory criteria:
 - the proposer is properly licensed for public practice as a certified public accountant or chartered accountant;
 - the proposer meets the independence requirements of the generally accepted auditing standards;
 - the Auditor's staff working on or associated with the engagement must meet the continuing education requirements of the generally accepted auditing standards;
 - the Auditor does not have a record of substandard audit work;
 - the proposer agrees to abide by the terms and conditions established in *Section VI, Terms and Conditions*.

Failure to meet the mandatory criteria will result in immediate rejection of the entire proposal and no evaluation of the remainder of the technical component or of the cost proposal will be made.

iii) Detailed written narrative statements on each of the following:

- A description of the Auditor's office (i.e. Budapest, London, Tokyo, etc.) rendering the proposal, including the number of years in business, and the number of employees at that particular office.

ISTC

It is required by the Governing Board of the ISTC, that the audits are performed by a firm which is established in the United States of America, Japan, South Korea, Norway, or a Member State of the European Union, being the funding parties of the ISTC, and that the audits are performed by an office outside of Kazakhstan and the Former Soviet Union (with the exception of Estonia, Latvia, and Lithuania), although the Auditor may have an office in Kazakhstan.

STCU

It is required by the Governing Board of the STCU, that the audits are performed by a firm which is established in the United States of America or a Member State of the European Union, being the funding parties of the STCU, and that the audits are performed by an office outside of Ukraine and the Former Soviet Union (with the exception of Estonia, Latvia, and Lithuania), although the Auditor may have an office in Ukraine.

- Biographies, including experience of the individuals who will be assigned to the engagement, relevant experience of each in performing financial and compliance audits of entities similar to the ISTC and STCU and recent continuing professional education of each individual assigned to the engagement.
- A general audit plan, including information on the timing and duration of field work, and any overview and start up work that would be required in the first audit year. Include the approximate date the audit will begin and end for the first year, as well as approximate dates for delivery of the required reports.
- A work plan, including an explanation of the audit methodology to be followed, to perform the services required in this request for proposals (including interim work, if anticipated).
- For the firm's office that would be assigned responsibility for the audit, list the most significant audit engagements (maximum of five) performed in the last three (3) years that are similar to the engagement described in this request for proposals. These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partner(s), total hours, and the name and telephone number of the client contact.

There should be no dollar units or total costs included in the technical component of the proposal.

2. COST COMPONENT OF PROPOSAL

- i) The cost proposal should include the information specified in *Attachment D* to this Request for Proposal as well as **incorporate** the following information and must be included in a separate document marked **"Financial proposal"**:
- Total hours required to complete the engagement for each year by personnel

- levels, i.e. total hours for partner, manager, supervisor, senior and junior.
- Total fees for audit services for each year.

ii) A separate cost proposal is required for each year of the contract period.

V. EVALUATION AND AWARD CRITERIA

Proposals will be examined to determine compliance with the requirements of this RFP. The ISTC / STCU will consider the factors as stated *Attachment F*.

VI TERMS AND CONDITIONS

A sample form of *Contract for Audit Services* to be executed between the Auditor and the **ISTC and/or STCU** is included as *Attachment E*. It has two parts. The first will have terms specific to this auditing function and the second has general conditions that the ISTC and STCU require for all of contracts.

A. APPLICABLE LAW AND COURTS

This solicitation and any resulting contract shall be governed by the Arbitration Rules of the United Nations Commission on the International Trade Law (UNCITRAL) and applying general principles of law.

B. ETHICS IN PUBLIC CONTRACTING

By submitting proposals, all Auditors certify that their proposals are made without collusion or fraud and that they have not offered or received any kickbacks or inducements from any other Auditor, supplier, manufacturer or subcontractor in connection with their proposals, and that they have not conferred on any ISTC / STCU employee having official responsibility for this procurement transaction any payment, loan, subscription, advance, deposit of money, services or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value was exchanged.

C. DEBARMENT STATUS

By submitting their proposals, all Auditors certify that they are not currently debarred from submitting bids or proposals on contracts by any agency of the European Union and the United States governments, nor are they an agent of any person or entity that is currently debarred from submitting bids on contracts by any agency of the European Union, and United States governments.

D. MANDATORY USE OF TERMS AND CONDITIONS

Modification of or additions to the Terms and Conditions of the solicitation may be cause for rejection of the proposal; however, the ISTC / STCU reserves the right to decide, on a case by case basis, in its sole discretion, whether or not to reject such a proposal.

E. CLARIFICATION OF TERMS

If any prospective Auditor has questions about the specifications or other solicitation documents, the prospective proposer should request further information via the dedicated ISTC/STCU e-mail (tenderquestions2@istc.int) and must contain "Audit services 2018-2020" in the e-mail header. The deadline for submission of questions is 13th of July, 2018, 14.00 p.m/ Astana time. Clarifications will be posted on the dedicated "Audit services 2018-2020" link on the ISTC (www.istc.int) and STCU

(<http://www.stcu.int>) websites.

F. QUALIFICATIONS OF AUDITORS

The ISTC and/or STCU may make such reasonable investigations as deemed proper and necessary to determine the ability of the Auditor to perform the work and the Auditor shall furnish to the ISTC and/or STCU all such information and data for this purpose as may be requested. The ISTC and STCU further reserve the right to reject any bid if the evidence submitted by, or investigations of, such Auditor fails to satisfy the ISTC and/or STCU that such Auditor is properly qualified to carry out the obligations of the contract and to complete the work/furnish the item(s) contemplated therein.

G. PROPRIETARY INFORMATION

The ISTC and STCU will not accept responses to Requests for Proposals in cases where the Auditor declares the entire response to the RFP to be proprietary information. The Auditor must designate in the smallest increments possible, that part of the proposal, which is deemed to be proprietary.

H. OFFICE HOURS & LOCATION

Office space and a telephone in Astana and Kyiv will be provided for the representatives of the Auditor to perform all field work. The location of this space will be as close as possible to the location of the accounting records and accounting staff. To the extent possible, schedules and other data will be prepared by the ISTC's or STCU's finance office. It is the ISTC's and STCU's policy to aid in the audit process where deemed feasible and appropriate to help reduce costs. The audit monitor designated by the ISTC and STCU will be responsible for notifying the contractor of invocation of the accounting and financial records, and ISTC and STCU office hours.

I. HIGHER LEVEL AUDIT SERVICES

If the Auditor becomes aware that the ISTC and/or STCU is subject to audit requirements that may not be encompassed in the terms of the contract, he or she shall communicate this situation immediately to the ISTC's and/or STCU's audit monitor, that in accordance with the established contract certain relevant legal, regulatory, or contractual requirements may not be met.

J. CHANGES IN AUDITING STANDARDS

As professional auditing standards change, the Auditor shall adjust his/her auditing techniques and reporting formats and criteria so the new standards and requirements are met. Any additional hours used by the Auditor as a result of such changes that would cause the Auditor to exceed the proposed hours as submitted in the Cost Proposal shall be treated as provided by Article 17, Amendments, Variations, and Additions, of *Attachment E, Form of Agreement*.

K. RATES FOR ADDITIONAL PROFESSIONAL SERVICES

If it should become necessary for the ISTC and/or STCU to request the Auditor to render any additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the ISTC and/or STCU and the firm. Any such additional work agreed to between the ISTC and/or STCU and the firm shall be performed at the same rates as set forth in the schedule of fees and expenses included in the sealed dollar cost bid.

ATTACHMENT A: INFORMATION ABOUT THE ISTC

A. GENERAL INFORMATION

The International Science and Technology Center (ISTC) was established by intergovernmental agreement in November 1992. The mission of the ISTC is nonproliferation of weapons of mass destruction through scientific cooperation.

The original founding parties were the European Union, Japan, the Russian Federation and the United States of America. Later, Norway and Republic of Korea became parties to the agreement.

An Agreement on Continuing the International Science and Technology Center based on the 1992 Agreement with revisions was signed in Astana, Kazakhstan on 9 December 2015.

The ISTC is a legal entity and has been registered by the Ministry of Foreign Affairs of Kazakhstan as an international organization with its headquarters in Astana, Kazakhstan and international staff of 36 full time scientific, financial, and administrative experts (including ISTC Branch Offices staff). ISTC facilitates international science projects and assists the global scientific and business community to source and engage with CIS and Georgian institutes that develop or possess an excellence of scientific know-how. The Governing Board is the primary ISTC decision making body, and sets the policy for the ISTC in all areas. The Coordination Committee is a standing working group of the Governing Board, which reviews and prepares issues for consideration by the Governing Board. As the executive body, the Secretariat implements the policies put forth by the Board and manages the day-to day operation of the ISTC, while the Scientific Advisory Committee provides the Parties with expert assessments of the technical merits of all project proposals.

The objectives as defined in the International Agreement establishing the ISTC are:

- to promote the improvement of international mechanisms for the prevention of the proliferation of WMD and their delivery systems, as well as of technologies, materials, and expertise that are key elements directly related to the development, production, use, or enhancement of WMD or their delivery systems (including dual-use technology, materials, and expertise);
- to give scientists and engineers with knowledge and skills applicable to WMD and their delivery systems, including dual-use knowledge and skills, opportunities for training and alternative employment where their knowledge and skills can be used for peaceful activities;
- to promote a culture of security with respect to the handling and use of materials, equipment, and technology which could be used for the design, development, production, or use of WMD or their means of delivery; and (iv) to contribute through its activities: to the development of international scientific partnership, strengthening global security, and fostering economic growth through innovation; to basic and applied research and technology development and commercialization, inter alia, in the fields of environment, energy, health, and nuclear, chemical, and biological safety and security; and to promoting the further integration of scientists with technologies, material, and expertise applicable to WMD into the international scientific community.

In 2017, the ISTC employed over 1,016 scientists and added 10 more new projects in the field. The administrative budget for 2017 was \$1.2 million, and project costs for 2017 totaled \$7.5 million.

In 2018, the ISTC estimates between \$8-10million in project costs and administrative budget if \$1.1 million.

The ISTC is made up of one Head Office located in Astana and 4 regional offices in Yerevan Armenia, Tbilisi Georgia, Bishkek Kyrgyzstan, and Dushanbe, Tajikistan.

During the period 1994-2017 ISTC supported 2,849 projects with a total value of \$894 million. Most projects were funded respectively in the areas of environment, physics and fission reactors/ fusion. During the years the EU and the US were the main sources of funding of ISTC projects.

2017 Project Funding - by Source

Source Country	No. of projects Approved in 2017	Funded in 2017	No. of projects 1994-2017	Funded in 1994-2017
EU (USD)	1	520,275	1,001	247,759,123
Japan	2	350,275	239	66,126,645
USA		-	1,022	229,905,216
Canada		-	144	35,302,224
Finland		-	12	1,185,960
Sweden		-	33	3,831,906
Norway		-	19	1,881,450
Korea		-	58	5,161,952
Partner	8	4,257,467	793	290,334,101
Other		-	73	12,566,221
Total funds allocated (USD)		\$ 5,128,017		\$894,054,798

** Note: in this statistic, one project can have several financial sources*

For more general information about the ISTC please see the ISTC website: <http://www.istc.int/>

B. ACCOUNTING INFORMATION

The ISTC maintains all accounting records in accordance with International Accounting Standards and utilizes a calendar year operating period. **The Auditor is not required to have any knowledge of local taxes, legislation, or laws.** The audit will be performed in accordance with International Accounting Standards. For the previous **two** years, KPMG Baltics, performed the financial and compliance audit of the ISTC,

The ISTC has two primary accounting responsibilities: administrative and supplemental budget accounting and project accounting. Administrative accounting involves tracking all the expenses related to the activities of the Astana administrative office and the four branch offices. The administrative budget is \$1.1 million in 2018, and includes activities such as salaries, telecommunications costs, maintenance, and other accounts related to the functioning of the ISTC administration. The supplemental budget for year end 2017 was \$2.2 million, and included activities approved by the Governing Board, that are of special interest to one or more of the parties but that support core program activity, such as training, seminars, patents, information technology support and expert participation.

Project accounting relates to tracking expenses for the active projects that the ISTC currently funds. The activities related to projects involve: signing project agreements (contract between scientists and ISTC), paying the salaries of the scientists, purchasing equipment necessary for the project, paying overhead to the institution where the scientists perform their work and closing completed projects. For the fiscal year ended 2017, the total project expenses for salaries, equipment and overhead was \$5.3 million.

C FINANCIAL ACTIVITY

The ISTC maintains its books and records in U.S. dollars. The ISTC establishes and maintains interest-bearing hard currency bank accounts outside the CIS to deposit the financial contributions of the Financing Parties and Entities. The ISTC also establishes and maintains bank accounts in Kazakhstan and as necessary in other CIS countries for financing the activities of the ISTC and for distributing funds to project recipients. The Secretariat notifies the Governing Board in advance of establishing each banking relationship and of any changes in the ISTC's account structures.

Property and equipment acquired by the ISTC for administrative operations consists of vehicles, office furniture and equipment, including computer hardware and software and communications devices. All commitments and expenditures for administrative equipment are made in accordance with the Board approved annual budget. All expenditures for project equipment are made in accordance with project agreements. Fixed assets and capital equipment purchased for ISTC administration and for projects are charged to expense in the year of purchase, without regard to useful lives. It is noted that expensing capital equipment in the year of purchase is contrary to "International Financial Reporting Standards" and "Generally Accepted Accounting Principles". The ISTC believes this accounting practice best matches the revenues contributed by the parties with related expenses.

Terms and conditions in the international agreement which established the ISTC, exempts the ISTC from taxes on funds received from donor parties, including any interest earned on such funds, or on other property that might normally be subject to taxation under Kazakhstan law.

Revenue and expenses in the local currencies are recorded in U.S. dollars based on the daily exchange rate. Gains and losses resulting from local currencies transactions are charged to the Administrative Operating Budget in the period incurred.

The ISTC accounts for project revenues and costs using the percentage of completion method, whereby project revenues and associated costs are recognized commensurate with project performance and the measurement of costs incurred. Projects are performed on a cost reimbursement basis, with a ceiling price specified in the project agreements. At project completion, any funds received in excess of actual costs are credited back to the contributing party. The ISTC retains 100 percent of the allowable overhead for the individual projects until satisfactory completion of the projects in accordance with the project agreements.

D. SYSTEMS & PROCEDURES

The ISTC maintains various manuals, written policies and operating procedures for all areas of the ISTC Organisation from Administration, Finance, ISTC Events & Projects, Procurement and Travel and which include and cover Financial Regulation, Audit, Finance Office Operating Procedure, Risk Assessment System, Travel Regulations, Supplemental Budgets, Cash Control, HR Policy, Ethics Policy, Procurement are just some of the many documents which are available for review within ISTC.

E. PRIOR YEAR FINANCIAL REPORTS

Please see the ISTC's website <http://www.istc.int/> to view the ISTC's Financial Statements for the latest year ending 31st December 2017 and for the opinion and notes to the Financial Statements for the fiscal year 2017. KPMG performed the audit for the Fiscal Years 2016 and 2017 and issued a qualified opinion. The Management Letter wasn't issued for the Fiscal Year 2017. Previous audit working papers are available for inspection, upon request by contacting the Chief Financial Officer of the ISTC.

F. SUB-RECIPIENTS

The ISTC does not maintain any sub-recipient entities.

G. CONTACT INFORMATION FOR FURTHER ASSISTANCE

Please contact the ISTC, for further information and explanation related to any issue or concern related to this proposal.

1. The accounting staff of the ISTC will be available to prepare schedules, reproduce documents, pull documents, etc.
2. The IT Department staff, equipment, and Navision accounting system are available for auditing purposes.
3. The ISTC does not have internal legal counsel.

H. REPRESENTATION LETTER

Mr David Cleave, Executive Director of the ISTC, will issue the representation letter.

I. AUDITOR'S WORK AREA

The available work area for the Auditors is located in the Finance Department of the International Science and Technology Center in Astana located at 46/1 Turan Avenue. One desktop computer and one printer plus network and wi-fi are available for use in a conference/meeting room on the premises. The conference room capacity can accommodate up to 10 people.

ATTACHMENT B INFORMATION ABOUT THE STCU

A. GENERAL INFORMATION

The STCU is the first intergovernmental organization in Ukraine and was established by an Agreement signed on 15th October 1993, by the four founding Parties: Ukraine, Canada, Sweden and the United States of America. The Agreement was put into force by Ukrainian President Kravchuk's decree # 202 on 4th May 1994. The STCU began its first organizational steps in November 1994, and was fully registered in Ukraine on 14th February 1995. The European Union acceded to the STCU agreement on 26th November 1998, and in so doing, replaced Sweden as a Party to the STCU agreement. Canada withdrew from the STCU Agreement on 6th November 2013. The STCU's main purpose is:

“To support research and development activities for peaceful applications by Ukrainian, Georgian, Uzbekistani, Azerbaijani and Moldovan scientists and engineers, formerly involved with development of weapons of mass destruction and their means of delivery, as part of the general process of conversion to a civilian, market-oriented environment.”

To December 2017, the donor countries had committed to projects the following funds:

	US \$ m	
U.S.A	157	
European Union	64	(~ €53m);
Canada	10	
Sweden	2	
Japan	1	
Other European Governments	8	
Non-Government Partners Sector	48	
Total (approximately)	290	

As its contribution Ukraine provides suitable office premises and pays costs associated with maintenance and security.

As of December 2017, the STCU employed over 2,200 scientists working on approximately 150 projects in the field (approx. 85% in Ukraine, the remainder in Georgia, Azerbaijan, and Moldova). The administrative budget for 2018 is US\$ 837,000 and project costs for 2017 totaled US\$8.1 million. The STCU is made up of one head office located in Kyiv, and four regional offices (1 person each) in Tbilisi, Georgia, Baku, Azerbaijan, and Chisinau, Moldova, and Kharkiv, Ukraine.

For more general information about the STCU please see the STCU website: <http://www.stcu.int>

B. ACCOUNTING INFORMATION

The STCU maintains all accounting records in accordance with International Financial Reporting Standards (IFRS) and utilizes a calendar year operating period. **The Auditor is not required to have any knowledge of local taxes, legislation, or laws.** The audit will be performed in accordance with International Standards on Auditing. For the previous two (2) years, KPMG Baltics SIA (see <https://home.kpmg.com/lv/iv/home.html> for firm's details) performed the financial audit of the STCU.

The STCU has two primary accounting responsibilities: administrative & supplemental budget accounting and project accounting. Administrative accounting involves tracking all the expenses related to the activities of the Kyiv administrative office and the five regional offices. The administrative budget is US\$837,000 in 2018, and includes activities such as salaries, telecommunications costs, maintenance and other accounts related to the functioning of the STCU administration. The supplemental budget is €921,000 and US\$225,000 in 2018, and includes activities approved by the

Governing Board, that are of special interest to one or more of the parties but that support core program activity, such as travel, patent and information technology support.

Project accounting relates to tracking expenses for the approximately 150 projects that the STCU currently funds. The activities related to projects involve: signing project agreements (contract between scientists and STCU), paying the scientists' grants, purchasing equipment necessary for the project, paying overheads to the institution where the scientists perform their work and closing completed projects. For the fiscal year ended 31st December 2017, the total project expenses for salaries, equipment and overhead was \$8,086,637.

C. FINANCIAL ACTIVITY

The STCU utilizes five different banks for its financial activities. Because of risks related to banking in the Former Soviet Union, all funds are kept in Deutsche Bank, New York (formerly Bankers Trust) and BNP Paribas Bank, Brussels (formerly Fortis Bank) until required in Ukraine, Georgia, Moldova, or Azerbaijan. When funds are required in the recipient countries, money is transferred from either Belgium or New York into STCU's local banks, OTP Bank (Kyiv), Access Bank (Baku), and Bank of Georgia (from 2018) (Tbilisi). The money is then disbursed to scientists, vendors and institutes in each of the three recipient countries. Currently, the STCU transfers approximately \$250K - \$300K per week from the offshore banks to the local banks. The STCU currently does not have a local bank in Moldova, thus funds for Moldovan transactions are transferred from Deutsche Bank New York or BNP Paribas Bank Brussels directly to institute and grantee bank accounts in Moldova.

In Deutsche Bank New York, the STCU maintains four (4) US Dollar bank accounts. In BNP Paribas Bank Brussels (formerly Fortis Bank), the STCU maintains two (2) Euro accounts.

In OTP Bank, the STCU maintains US Dollar and Euro accounts as well as a local currency account (Hryvnia or UAH). As required, US Dollars are transferred to OTP Bank and converted to local currency for all local payments. The STCU is required by Ukrainian law to make all payments in local currency.

In Access Bank and Bank of Georgia, the STCU maintains one US Dollar, one Euro account, and one local currency account in each bank. As required, US Dollars / Euro are transferred to each bank and then disbursed in US Dollars or in Euro. There is no requirement for the STCU to convert US Dollars to local currency in either Azerbaijan or Georgia.

Because the STCU is an intergovernmental organization, the financial operations are for the most part limited to dealings with the various funding parties (countries). Therefore, the STCU maintains only a small amount of receivable accounts, mostly for the funding parties and some partners. At one time, there is usually no more than 10 – 15 outstanding receivables, with the bulk of the amount for the funding party receivables.

The STCU currently has 18 full-time and 3 part-time employees working in the head office in Kyiv, and four full-time employees located (one at each office,) in the four regional offices. The STCU maintains a full payroll listing for all 25 employees. The 150 projects administered by the STCU employ approximately 2,200 scientists throughout Ukraine, Georgia, Moldova, and Azerbaijan. Each project maintains a master listing of each scientist, which includes their bank account number. All grant payments to scientists are made through bank transfer. The STCU does not pay any payroll or income taxes for any of its employees or project scientists.

The STCU expenses all fixed assets at time of purchase. The STCU does not depreciate any capital expenditures and maintains a list of fixed assets for ownership purposes and tracking, and not for depreciation or amortization.

D. SYSTEMS AND PROCEDURES

1. The STCU maintains the Financial Regulations approved by the Governing Board and written policies and procedures these cover all areas of operations including but not limited to the following: Administrative Operating Budget (AOB), Supplemental Budgets (SB) Travel, Project Financing, Project Monitoring and Information Technology; as just some of the many documents which are available for review within STCU.
2. All administrative, supplemental, and project transactions of the STCU are maintained in Microsoft Dynamics Navision – <http://www.microsoft.com/dynamics/nav/default.mspx>. The Microsoft Dynamics Navision modules utilized for these functions include: general ledger, accounts receivable, accounts payable, and jobs. Documentation for all modules is available upon request.

The hardware utilized in the finance department is typically PC workstations with an Intel processor. The finance department is connected to the entire main office through a Windows NT network. Other software utilized besides that described is Microsoft Office (Word, Excel, and PowerPoint).

3. The STCU does not maintain an internal audit department.
4. Please see the STCU's website detailed below to view the 2017 Management Letter prepared by KPMG Baltics SIA for a description of known problems related to the accounting system, internal controls, or exceptions to International Financial Reporting Standards.

http://www.stcu.int/documents/stcu_inf/reports/audit/2017/2017_Management_Letter.pdf

5. All financial records are in good and complete condition.

E. CURRENT and PRIOR YEAR FINANCIAL REPORTS

Please see the STCU's website detailed below to view the Science and Technology Center in Ukraine – Financial Statements for the year ended 31st December 2017 for the opinion and notes to financial statements for fiscal 2017.

http://www.stcu.int/documents/stcu_inf/reports/audit/2017/

F. SUB-RECIPIENTS

The STCU does not maintain any sub-recipient entities.

G. PREVIOUS AUDITOR

KPMG Baltics SIA performed the most recent audit for the fiscal year 2017 and issued a qualified opinion. Previous audit working papers are available for inspection, upon request by contacting the Chief Financial Officer of the STCU.

H. CONTACT INFORMATION FOR FURTHER ASSISTANCE

Please contact the STCU, for further information and explanation related to any issue or concern related to this proposal.

1. The accounting staff of the STCU will be available to prepare schedules, reproduce documents, pull documents, etc.

2. The IT Department staff, equipment and Microsoft Dynamics Navision are available for auditing purposes.
3. The STCU does not have internal legal counsel.

I. REPRESENTATION LETTER

Curtis M. Bjelajac, Executive Director of the STCU and Anthony Nichol, Chief Financial Officer will issue the representation letter.

J. AUDITOR'S WORK AREA

Office space and a telephone in Kyiv will be provided for the representatives of the Auditor to perform all field work. The available work area for the auditors is located in the Finance Department of the Science and Technology Center in Ukraine at 7a Metalistiv Street, Kyiv, Ukraine. One desktop computer and one printer are available for use in a conference room on the premises. The conference room can accommodate up to 10 people.

ATTACHMENT C MANDATORY PRE-QUALIFICATION FORM

To be answered by Proposer

Section A - General Information

Firm Name:	
Contact Person:	
Telephone Number:	
Address:	

Type of Accounting Practice (place an "X" next to the appropriate response)

a) Individual	
b) Partnership	
c) Corporation	
Give name of the Country/State where incorporated:	

Section B – Composition of the Audit Team

Please provide individual resumes, including professional qualifications, of all the proposed members of the audit team.

Section C - Proposer Firm’s Quality Program for Audits

Please answer each of the following questions by placing an "X" in the appropriate column

	YES	NO
<p>Quality Control: Does the Proposer Firm have internal procedures to ensure proper quality control for its audit assignments? (If yes, attach a description of the process)</p>		
<p>Quality Review: Does Proposer Firm participate in an external quality review program every 3 years? (If yes, attach a copy of last peer review or quality review report and letters of comment. please enter ending date of last period covered by review (_____)) If no, explain the reason and your plan to participate.</p>		
<p>Subcontracts: Does Proposer Firm agree not to subcontract any work required without the prior express written consent of the auditee?</p>		
<p>Confidentiality: Does Proposer Firm agree not to publish or distribute any information concerning work done for auditee, except as provided by law or rule?</p>		

	YES	NO
Access to Records and Work Papers: Does Proposer Firm agree to keep work papers and reasonable records to support work claims for at least 3 years and make them available for audit or review by any authorized parties?		
Independence: Does Proposer Firm meet the independence standards of the current “International Standards on Auditing”? (If no, attach a brief summary of facts)		
Conflict of Interest: Does Proposer Firm declare that there is no public or private interest which would conflict in any manner with performance of an audit for the auditee?		
No Substandard Work: Does Proposer Firm and all proposed Audit Team members have a record of an acceptable standard of audit work? (Proposer Firm must answer this question “No” if the Firm or any Audit Team member has received an enforcement action for substandard audit work during the past three years or has a related investigation pending by a professional or regulatory group. Attach a brief summary of any enforcement actions.)		
Ethics: Does Proposer Firm certify that its proposals are made without collusion or fraud and that it has not offered or received any kickbacks or inducements from any other Auditor, supplier, manufacturer or subcontractor in connection with their proposals, and that it has not conferred on any ISTC/STCU employee any payment, loan, subscription, advance, deposit of money, services or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value was exchanged?		
Provisions of RFP: Does Proposer Firm agree to abide by all Terms and Conditions specified in the RFP?		

CONTRACTOR FIRM CERTIFICATION STATEMENT

I (we) certify that the information contained herein is true and correct to the best of my (our) knowledge, and that the person submitting the proposal on behalf of the proposer has the authority to submit this proposal and make all representations contained herein. I (we) understand that the inclusion of false information may result in rejection of the proposal submitted in response to Request for Proposals No AB-07-128.

Proposer Firm Name

Date

Signature of Preparer

ATTACHMENT D MODEL FORMAT OF PROPOSAL

To simplify the review process and obtain the maximum degree of comparability, proposals should be organized in the manner specified by the RFP. The following outline includes all the information called for in the RFP.

A TECHNICAL COMPONENT OF PROPOSAL

Title Page

Show the RFP subject, the name of the proposer's firm, local address, telephone number, name of the contact person, and the date.

Table of Contents

Include a clear identification of the material by section and by page number.

Letter of Transmittal

Limit to one to two pages. Briefly state the proposer's understanding of the work to be done. Make a positive statement that deadlines specified in the proposal will be met.

State the names of the persons who will be authorized to make representations for the proposer, their titles, addresses, and telephone numbers. State that the person signing the letter will be authorized to bind the proposer.

State the name of the partner assigned to this engagement and the name of the partner assigned the responsibility for the quality of the report and working papers.

Profile of the Proposer

State whether the firm is local, regional, national or international and the number of years in business.

State the location of the office from which the work is to be done and the number of partners, managers, supervisors, seniors, and other professional staff employed at that office.

Describe the range of activities performed by the local office such as auditing, accounting, tax service, or management services.

ISTC

It is required by the Governing Board of the ISTC, that the audits are performed by a firm which is established in the United States of America, Japan, South Korea, Norway, or a Member State of the European Union, being the funding parties of the ISTC, and that the audits are performed by an office outside of Kazakhstan and the Former Soviet Union (with the exception of Estonia, Latvia, and Lithuania), although the Auditor may have an office in Kazakhstan.

STCU

It is required by the Governing Board of the STCU, that the audits are performed by a firm which is established in the United States of America or a Member State of the European Union, being the funding parties of the STCU, and that the audits are performed by an office outside of Ukraine and the Former Soviet Union (with the exception of Estonia, Latvia, and Lithuania), although the Auditor may have an office in Ukraine.

Mandatory Pre Qualification Form

Complete and sign the Mandatory Pre-Qualification Form (*Attachment C*).

Summary of the Proposer's Qualifications

State the identity of the partners and managers who will work on the audit, including staff from other than the local office. Resumes including relevant experience in performing financial audits of entities similar to the ISTC / STCU and recent continuing education for each person to be assigned to the audit should be included. (The resumes may be included as an appendix.)

Specify CPE attended in the past 24 months by the partner(s) and each supervisory person to be assigned to this engagement.

Describe the firm's office that would be assigned the responsibility for the audit, recent auditing experience similar to the type of audit requested, including relevant knowledge of and experience in applying international accounting standards List the most significant audit engagements (maximum of five) performed in the last three (3) years that are similar to the engagement described in this request for proposals. Rank these audit engagements according to total staff hours. Indicate the scope of work, dates when work was performed, engagement partner(s), total hours, and the name and telephone number of the client contact. There should be no dollar units or total costs included in the technical component of the proposal.

Proposer's Approach to the Audit

Submit a work plan to accomplish the scope defined in *Section III* of this RFP. The work plan must include time estimates for and identify each significant segment of the work and the staff level to be assigned. The planned use of specialists must also be specified. Proposers will be required to provide the following information on their audit approach:

- sampling techniques and the extent to which statistical sampling may be used in the engagement,
- extent of the use of EDP software in the engagement;
- type and extent of analytical procedures that may be used in the engagement;
- approach to be taken to gain and document an understanding of the ISTC / STCU's internal control;
- approach to be taken in determining laws and regulations that will be subject to audit test work;
- approach to be taken in drawing audit samples for purposes of tests of compliance. The proposal should identify and describe anticipated audit problems (if any), the firm's approach to resolving these problems and any special assistance that will be requested from the ISTC / STCU.

Additional Data

Since the preceding sections are to contain only data that is specifically requested, any additional information considered essential to the proposal should be separately bound. The proposer's general information publications, such as directories or client lists, should not be included. If there is no additional information to present, include a statement as the last section of the technical component of the proposal that "there/is no additional information we wish to present".

B COST COMPONENT OF PROPOSAL

The following information must be included in a SEPARATE document marked "Financial proposal":

Total hours and hourly rate required to complete the work for each year by personnel levels, i.e., total hours for partner, manager, supervisor, senior and junior.

Total fees for audit services for each year.

An amount of additional professional services, in hours, allowed each year without additional cost to the ISTC / STCU. Such services will not be directly related to the annual audit.

All estimated out-of-pocket expenses for firm personnel (e.g., travel, lodging and subsistence) to be reimbursed.

An Auditor may include in its proposal the overall discount it would grant in the event of being awarded both the audits for which it has submitted a proposal. The discount should be clearly indicated for each contract.

The cost component should be prepared in United States Dollars (US\$) and should be in format shown on the following pages.

PROPOSAL FORM

[*the Auditor's letterhead*]

Dear Procurement Authorization Committee,

We, the undersigned, offer to provide the professional services for financial and compliance audits for two consecutive fiscal years of 2018, 2019 with an option to add fiscal year 2020 audit, in accordance with the Request for Proposals No.AB-07-128 and our Proposal (Technical and Cost Proposals). Our attached Cost Proposal is for the sum as follows:

International Science and Technology Center

Year 2018 Audit: [*US\$ amount in words and figures*];

Year 2019 Audit: [*US\$ amount in words and figures*].

Year 2020 Audit: [*US\$ amount in words and figures*].

Science and Technology Center in Ukraine

Year 2018 Audit: [*US\$ amount in words and figures*];

Year 2019 Audit: [*US\$ amount in words and figures*].

Year 2020 Audit: [*US\$ amount in words and figures*].

The overall discount we would grant in the event of being awarded both the audits for which we have submitted a Proposal. [*The discount should be clearly indicated for each audit.*]

Contracts will be awarded audit by audit, but the Centers may select the most favorable overall solution after taking account of any discounts offered.

The above amounts are broken down in the Schedules of Professional Fees and Expenses attached. The above amounts are inclusive of all taxes and duties we have to pay in providing the audit services to you. Our Proposal shall be binding up to 120 days from the due date of the proposals – 120 calendar days from _____. We understand you are not bound to accept any Proposal you receive.

Yours faithfully

[*authorized signature*]

[*signatory's name*]

[*position*]

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES
FOR THE AUDIT OF THE 2018 FINANCIAL STATEMENTS

(Complete one schedule for each year and each Center covered by the proposal)

	Hours	Hourly Rates	Total US \$
Partners			
Managers			
Supervisory Staff			
Other (Specify)			
Total hours			
Total fees for services described in RFP			
Out of pocket expenses			
Meals and Lodging			
Transportation			
Other (Specify)			
Total out of pocket expenses			
Total all-inclusive price for 2018 audit (US\$)			
Amount of professional services, in hours allowed for 2018 year without additional cost			

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

FOR THE AUDIT OF THE 2019 FINANCIAL STATEMENTS

(Complete one schedule for each year and each Center covered by the proposal)

	Hours	Hourly Rates	Total US \$
Partners			
Managers			
Supervisory Staff			
Other (Specify)			
Total hours			
Total fees for services described in RFP			
Out of pocket expenses			
Meals and Lodging			
Transportation			
Other (Specify)			
Total out of pocket expenses			
Total all-inclusive price for 2019 audit (US\$)			
Amount of professional services, in hours allowed for 2019 year without additional cost			

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

FOR THE AUDIT OF THE 2020 FINANCIAL STATEMENTS

(Complete one schedule for each year and each Center covered by the proposal)

	Hours	Hourly Rates	Total US \$
Partners			
Managers			
Supervisory Staff			
Other (Specify)			
Total hours			
Total fees for services described in RFP			
Out of pocket expenses			
Meals and Lodging			
Transportation			
Other (Specify)			
Total out of pocket expenses			
Total all-inclusive price for 2020 audit (US\$)			
Amount of professional services, in hours allowed for 2020 year without additional cost			

ATTACHMENT E SAMPLE FORM OF AGREEMENT

Counterpart No. _____
of 2 Original Executed Counterparts.
Counterpart of the _____

INTERNATIONAL SCIENCE AND TECHNOLOGY CENTER [SCIENCE AND TECHNOLOGY CENTER IN UKRAINE]

AGREEMENT FOR AUDIT SERVICES

THIS AGREEMENT FOR AUDIT SERVICES, hereinafter referred to as “this Agreement,” is made and entered into as of the ____ day of _____, 2018, (“the Date Hereof”), by and between _____, a [*type of accounting practice*], whose agent and address for purposes of this Agreement is

hereinafter referred to as “the Auditor”

and

the International Science and Technology Center [Science and Technology Center in Ukraine] (an intergovernmental organization), whose address for the **purposes** of this Agreement is:

International Science and Technology Center
46/1 Turan Avenue, Business center “The Square”
010000 Astana, Kazakhstan
Tel.: 7 (7172) 769534
Fax: 7 (7172) 769534

[7a Metalistiv Street
Kyiv, 03057, Ukraine
Tel: +380 (44) 490 7150
Fax: +380 (44) 490 7145]

herein referred to as “the Auditee”.

WITNESSES THAT:

WHEREAS, the Auditee is a nonprofit entity created thereby, pursuant to the “Agreement Establishing the International Science and Technology Center“ on 27th November 1992; and

[WHEREAS, the Auditee is an intergovernmental organization created thereby, pursuant to an Agreement signed on 15th October, 1993, by the four founding parties: Ukraine, Canada, Sweden and the United States of America. The Agreement was put into force by Ukrainian President Kravchuk’s decree #202 on 4th May, 1994, and was fully registered in Ukraine on 14th February 1995. The European Union acceded to the STCU agreement on 26th November 1998, and in so doing, replaced Sweden as a Party to the STCU agreement, and]

WHEREAS, the Auditee is required to be audited on a regular basis in accordance with certain specified audit standards; and

[WHEREAS, the Auditee is required by the Governing Board of the Science and Technology Center in Ukraine to be audited on a regular basis in accordance with certain specified audit standards; and]

WHEREAS, the Auditor is a (describe private entity) organized under the laws of the where and engaged in the practice of accountancy and business of performing professional audit services; and WHEREAS, the Auditee desires to utilize the professional services of the Auditor, in accordance with the needs, requirements, terms and conditions contained in a Request for Proposals, NO.AB-07-128 (“the RFP”), and the proposal (“the Auditor’s Proposal”) submitted by the Auditor in response to the RFP, which RFP and Auditor’s Proposal are attached hereto and by this reference incorporated herein; and WHEREAS, the Auditee awarded this Contract for audit services to the Auditor in accordance with the RFP and in reliance upon the representations and certifications contained in the Auditor’s Proposal; and WHEREAS, the Auditor and Auditee desire to document the terms and conditions of their Contract, NOW, THEREFORE, for and consideration of the mutual covenants contained herein, the receipt and sufficiency of which is hereby acknowledged, it is agreed as follows:

ARTICLE 1 BASIC AGREEMENT AND DOCUMENTS

- 1.1 The Auditor will perform professional audit services in accordance with International Standards on Auditing and Audit Requirements and Reporting and Delivery Requirements of the RFP and the terms and conditions of this Agreement.
- 1.2 The following documents shall constitute the Agreement between the Auditee and the Auditor, and each shall be read and construed as an integral part of the Agreement:
 - (a) this Agreement and the Addenda hereto;
 - (b) Part Two - General Terms and Conditions
 - (c) the Proposal and Schedules of Professional Fees and Expenses;
 - (d) the Request for Proposals.
- 1.3 In the event of any ambiguity or conflict between the Agreement Documents listed above, the order of precedence shall be the order in which the Agreement Documents are listed in para. 1.2 above.

ARTICLE 2 COVENANTS AND REPRESENTATIONS

- 2.1 Covenants of the Auditor. The Auditor shall perform professional audit services in accordance with International Standards on Auditing and the Audit Requirements and Reporting and Delivery Requirements of the RFP and any attachments thereto, all of which are by this reference incorporated herein, and the terms and conditions of this Agreement.
- 2.2 Covenants of the Auditee. The Auditee will provide to Auditor all information reasonably necessary, useful or customary pursuant to both standard accounting and auditing practices and customary within Auditee's trade or business activities.
- 2.3 Representations. To induce the Auditee to enter into this Contract, the Auditee shall be entitled to rely upon the representations and certifications made by the Auditor in the Auditor’s Proposal, without independent investigation and verification, and each such representation or certification shall be deemed to be material to this Contract. The person negotiating and executing this Contract on behalf of the Auditor has the full right, power, and authority to enter into, execute and perform this Contract in accordance with the terms hereof, and when executed and delivered, this Contract will constitute a valid and binding obligation of the Auditor and will be enforceable in accordance with the terms thereof.

**ARTICLE 3
INVOICES AND PAYMENTS**

- 3.1 The Auditor shall be paid for its services as provided in the schedule of fees and expenses submitted by the Auditor in the Auditor’s Proposal in the sealed dollar cost bid as stated in the Cost Component of the RFP, Section IV.B.2, which are by this reference incorporated herein.
- 3.2 The procedures and terms of payment shall be as follows:
- 3.3 For 2018 Audit: The professional fees and out-of-pocket expenses (hereinafter referred to as “the Total All Inclusive Price”) for the audit of fiscal year 2018 of US\$ [*amount in words and figures*] shall be paid as follows:
- (a) Advance: 30% of the Total All Inclusive Price for 2018 Audit shall be paid to the Auditor within ten (10) working days upon signing this agreement,
 - (b) Interim Payment: 40% of the Total All Inclusive Price for 2018 Audit shall be paid to the Auditor upon completion of field work in Astana [Kyiv],
 - (c) Final Payment: 30% of the Total All Inclusive Price for 2018 Audit shall be paid to the Auditor upon certification of the financial statements,
- 3.4 For 2019 Audit: The professional fees and out-of-pocket expenses (hereinafter referred to as “the Total All Inclusive Price”) for the audit of fiscal year 2019 of US\$ [*amount in words and figures*] shall be paid as follows:
- (a) Advance: 30% of the Total All Inclusive Price for 2019 Audit shall be paid to the Auditor upon commencement of field work in Astana [Kyiv],
 - (b) Interim Payment: 40% of the Total All Inclusive Price for 2019 Audit shall be paid to the Auditor upon completion of field work in Astana [Kyiv],
 - (c) Final Payment: 30% of the Total All Inclusive Price for 2019 Audit shall be paid to the Auditor upon certification of the financial statements.
- 3.5 For 2020 Audit: The professional fees and out-of-pocket expenses (hereinafter referred to as “the Total All Inclusive Price”) for the audit of fiscal year 2020 of US\$ [*amount in words and figures*] shall be paid as follows:
- (a) Advance: 30% of the Total All Inclusive Price for 2020 Audit shall be paid to the Auditor upon commencement of field work in Astana [Kyiv],
 - (b) Interim Payment: 40% of the Total All Inclusive Price for 2020 Audit shall be paid to the Auditor upon completion of field work in Astana [Kyiv],
 - (c) Final Payment: 30% of the Total All Inclusive Price for 2020 Audit shall be paid to the Auditor upon certification of the financial statements.
- 3.6 All advances, interim and final invoices for services ordered, delivered and accepted shall be submitted by the Auditor to: Chief Financial Officers of ISTC/STCU, for approval prior to payment by the ISTC [STCU].
- 3.7 The Auditee will make payment within thirty (30) working days of receipt of a proper invoice for interim and final billings, provided that the billing has been approved by the Auditee.

**ARTICLE 4
CONTINGENCIES**

- 4.1 Contingent Obligations of the Auditee. The obligations of the Auditee are subject to the following conditions:
- 4.1.1 The timely performance by the Auditor of each and every covenant, agreement, and obligation imposed upon the Auditor in this Contract.
 - 4.1.2 The truth and accuracy as of the Date Hereof of each and every representation made by the Auditor.
 - 4.1.3 This Contract is expressly made subject to other laws affecting its subject matter. In the event of any conflict between such laws and this Contract, such laws shall take precedence.
- 4.2 Contingent Obligations of the Auditor. The obligations of the Auditor are subject to the following conditions:
- 4.2.1 The timely performance by the Auditee of each and every covenant, agreement, and obligation imposed upon the Auditee in this Contract.

**ARTICLE 5
TERM**

- 5.1 This Agreement shall have an initial term of three (3) years, commencing the Date Hereof.

**ARTICLE 6
NOTICES**

- 6.1 All notices, demands or requests required or permitted to be given pursuant to this Agreement shall be in writing and given or served either in person or by Mail, postpaid, registered or certified with Return Receipt Requested, showing the name of the recipient and the date of delivery. Notices shall be addressed to the party or parties identified and at the address as set forth in the introductory paragraph of this Agreement, and the date upon which such notice is delivered shall be deemed the effective date thereof. Either party may, from time to time, by five (5) working days' prior written notice to the other party, specify a different agent or address to which notices can be delivered. Rejection or other refusal to accept a notice or inability to deliver a notice because of a changed agent or address of which no notice was given shall constitute receipt of the notice on the date when personal service is attempted or the date of the postmark, if mailed.

**ARTICLE 7
INDEMNIFICATION**

- 7.1 The Auditor agrees to indemnify, defend and hold harmless the Auditee, its officers, agents, and employees from any claims, damages and actions of any kind or nature, whether at law or in equity, arising from or caused by the use of any materials, goods, or equipment of any kind or nature furnished by the Auditor/any services of any kind or nature furnished by the Auditor, provided that such liability is not attributable to the sole negligence of any Auditee employee or to failure of Auditee employees to use the materials, goods, or equipment in the manner described by the Auditor on the materials, goods, or equipment delivered.

**ARTICLE 8
SUBCONTRACTS**

- 8.1 No portion of the work shall be subcontracted without prior written consent of the Auditee. In the event that the Auditor desires to subcontract some part of the work specified herein, the Auditor shall

furnish the Auditee the names, qualifications and experience of their proposed subcontractors. The Auditor shall, however, remain fully liable and responsible for the work/service to be performed by his/her subcontractor(s) and shall assure compliance with all requirements of the Agreement.

**ARTICLE 9
RIGHTS CUMULATIVE**

- 9.1 All rights, powers, and privileges conferred hereunder shall be cumulative and not restrictive of those given by law.

**ARTICLE 10
NON-WAIVER**

- 10.1 No failure of the Auditee to exercise any right or power given to the Auditee under this Agreement, or to insist upon strict compliance by the Auditor with the provisions of this Agreement, and no custom or practice of the Auditee or the Auditor at variance with the terms and conditions of this Agreement, shall constitute a waiver of the Auditee's right to demand exact and strict compliance with the terms and conditions of this Agreement.

**ARTICLE 11
CONTINUITY**

- 11.1 Each of the provisions of this Agreement shall be binding upon and inure to the benefit and detriment of the Auditor and the Auditee and the heirs, devisees, legatees, legal representatives, successors and assigns of the Auditor and the Auditee.

**ARTICLE 12
DATE FOR PERFORMANCE**

- 12.1 If the time period by which any right, option or election provided under this Agreement must be exercised, or by which any act required hereunder must be performed, or by which the closing must be held, expires on a Saturday, Sunday or legal holiday, then such time period shall be automatically extended through the close of business on the next regularly scheduled business day.

**ARTICLE 13
TIME OF THE ESSENCE**

- 13.1 All time limits stated herein are of the essence of this Agreement.

**ARTICLE 14
TERMINATION OF THIS AGREEMENT**

- 14.1 The Auditee reserves the right to cancel and terminate this Agreement, in part or in whole, without penalty, upon 60 calendar days written notice to the Auditor indicating the reason of cancellation and termination. Any such cancellation notice shall not relieve the Auditor of the obligation to deliver and/or perform on all outstanding orders issued prior to the effective date of cancellation. In the event of termination, the Auditor shall be compensated for all hours worked at the specified contractual rate. If, through any cause other than acts of god, floods, fires, storms, strikes, lockouts, riot, insurrection, acts of the public enemy, war, or other like restrictions beyond the control of the parties rendering performance under the Agreement impossible, the Auditor fails to fulfil in a timely and proper manner obligations under this Agreement, the Auditee shall have the right to terminate the Agreement upon 60 calendar days written notice to the Auditor specifying the effective date of termination and indicating the reason of cancellation and termination. The

Auditor shall not be relieved of liability to the Auditee for damages sustained by virtue of any breach of this Agreement by the Auditor, though such damages shall be limited to the amount specified in Clauses 3.3, 3.4 and 3.5 as Total All Inclusive Price and in no event shall Auditor be liable for any loss, damage or expenses arising in any way from negligence or neglect, fraudulent acts or omissions, misrepresentations, or wilful default on the part of the Auditee or its related entities. The Auditee may withhold or require to be withheld any payment to the Auditor for the purpose of setoff until such time as the exact amount of damages is agreed upon or is otherwise determined. In the event of termination for whatever reason all property and finished or unfinished documents, data, studies, and reports prepared by the Auditor will remain the legal property of the Auditor at all times. Nothing contained herein shall prevent the Auditee from maintaining a complete set of work papers relating to the audit.

- 14.2. The Auditor reserves right to cancel and terminate this Agreement, in part or in whole, without penalty, upon 60 calendar days written notice to the Auditee indicating the reason of cancelation and termination.

ARTICLE 15 COUNTERPARTS

- 15.1 This Agreement is executed in two (2) counterparts which are separately numbered but each of which is deemed an original of equal dignity with the other and which is deemed one and the same instrument as the other.

ARTICLE 16 AUDIT AND MONITORING OF THIS AGREEMENT

- 16.1 The Auditee reserves the right to conduct any review it may deem advisable to assure services conform to the specifications. An employee of the Auditee will be designated as audit monitor to discuss issues that need to be resolved and may require periodic progress reports. The monitor will review the financial statements and may provide limited assistance to the Auditor by way of comments and suggestions for enhancements to the report prior to its preparation in final form. The monitor will also be available for technical assistance concerning the interpretation of applicable laws, regulations and policies.
- 16.2 The Auditor hereby agrees to retain all books, records, working papers, and other documents relative to this Agreement for three (3) years after final payment under the Agreement. The Auditee and its authorized agents shall have full access to and the right to examine any of said materials during said period at no cost to either the Auditee or any other entity authorized to examine said materials.

ARTICLE 17 AMENDMENTS, VARIATIONS AND ADDITIONS

- 17.1 The Auditee may order changes within the general scope of this Agreement at any time by written notice to the Auditor. Changes within the scope of this Agreement include, but are not limited to, things such as the place of delivery. The Auditor shall comply with the notice upon receipt. The Auditor shall be compensated for any additional costs incurred as the result of such order and shall give the Auditee a credit for any savings. Said compensation shall be determined by mutual agreement between the Auditee and the Auditor in writing.
- 17.2 In the event during the course of the audit it is determined by either party a change in the scope of the audit work is necessary, the discovering party shall promptly notify the other party in writing. The parties shall then determine whether this Agreement shall be amended to provide for an adjustment in the audit work to be performed by the Auditor. In no event shall any payment be made for audit work beyond the scope of the original Agreement until the Agreement has been amended.

ARTICLE 18
NO ASSIGNMENT, NO THIRD PARTY BENEFICIARIES

- 18.1 This Agreement is a personal retention of Auditor as an independent contractor. Auditor must perform by its own forces and may not delegate, subcontract, assign, transfer, or otherwise obtain its performance of this Agreement, without the express written consent of Auditee.
- 18.2 Nothing herein shall be construed as conferring upon or giving to any person, other than the parties hereto, any rights or benefits under or by reason of this Agreement.

ARTICLE 19
APPLICABLE LAW

19.1 This Agreement shall be governed by the Arbitration Rules of the United Nations Commission on the International Trade Law (UNCITRAL) and applying general principles of law.

IN WITNESS WHEREOF, the Auditor and the Auditee have caused these presents to be duly signed, sealed and delivered on the day, month, and year first above written.

AUDITOR

By _____

(Seal)

Name:
Title:

AUDITEE

By _____

(Seal)

Name:
Title:

PART TWO - GENERAL TERMS AND CONDITIONS

The following terms and conditions may be varied only with the prior written agreement of the ISTC [STCU].

1. None of the terms or conditions tendered by a service provider shall be binding upon the ISTC [STCU] or form any part of an ISTC [STCU] contract or purchase order without the ISTC [STCU]'s prior written consent.
2. Legal Status - All service providers shall have the legal status of an independent contractor absent some other express written arrangement. Likewise, none of the personnel or staff of either a service provider or its sub contractors shall be considered as either ISTC [STCU] agents or employees absent such explicit memorialized agreement,
3. Exemptions to Taxes and other Charges - The service provider's price shall include any and all applicable exemption to tax and other charges to which the ISTC [STCU] is entitled to by virtue of the privileges and immunities it enjoys as an intergovernmental organization.
4. Additional or Supplemental Work(s) - The service provider shall not carry out any other additional or supplemental work(s) (including but not limited to the provision of either materials or services) that results in any charges to or liabilities for the ISTC [STCU] above the original purchase price without prior written authorization from the ISTC [STCU].
5. Instructing Authorities and Sources - In the performance of this contract or fulfillment of this purchase order, the service provider shall neither seek nor accept instructions from any source external to the ISTC [STCU] unless so instructed by the ISTC [STCU]. Moreover, the service provider shall refrain from any and all actions that might adversely affect the ISTC [STCU] and shall fulfill its commitments with maximum attention to and care for the interests of the ISTC [STCU],
6. Responsibility for both Employees and Sub-Contractors - The service provider shall be responsible for both its employees as well as sub-contractors as regards their technical competences plus professional integrity. This includes but is not limited to assuring that for work under this contract or purchase order, these will be individuals who will perform efficiently, respect local laws as well as customs, and conform to the highest standards of moral and ethical conduct. When the services being provided are upon the premises of the ISTC [STCU], all of the ISTC [STCU]'s rules and regulations regarding discipline, modes of work, safety, and security are mandatory.
7. Assignment - Without the prior written consent of the ISTC [STCU], the service provider shall not assign, transfer, pledge, or make any other disposition of this contract or purchase order.
8. Subcontracting and Subcontractors - Without the prior written consent of the ISTC [STCU], the service provider shall not use subcontractors. Even in the case of a subcontractor approved by the ISTC [STCU], the service provider is not relieved from any of its obligations under this contract or purchase order. In the case of any conflict between the terms of any subcontract and this contract or purchaser order (including these "Generally Applicable Conditions"), the underlying ISTC [STCU] contract or purchase order shall control.
9. Affirmation of Objectivity - The service provider affirms that no one at the ISTC [STCU] has been offered or will receive any benefit arising from this contract or purchase order. The service provider further agrees that benefiting any individual at the ISTC [STCU] would be a fundamental as well as legally fatal breach of this contract or purchase order,
10. The Indemnification of the ISTC [STCU] - The service provider promises to indemnify, hold harmless, and to vigorously defend at its own expense the ISTC [STCU], including its management, officials, employees, and agents from and against all lawsuits, claims, demands, and liability of every nature and kind arising out of the acts or omissions of the service provider or its management, officials, employees, agents, and subcontractors in the execution of this contract or purchase order. This indemnification responsibility shall extend to and include, but not be limited to, workman's compensation claims, damages from defective products, plus liabilities arising out of the use of associated inventions or devices.
11. Insurance Coverage and Liability to Third Parties -- The service provider shall secure and maintain insurance coverage against -
 - (a) all risks in respect to the property or any equipment owned or leased by the service provider that is used or needed to be used in the fulfillment of this contract or purchase order;

- (b) third-party claims for
 - i. death or bodily injury
 - ii. the loss of or damage to property arising from or in connection with the provision of services under this contract or purchase order or in the operation of any motor vehicles, boats, aircraft, or other equipment either owned or leased by the service provider.

Upon the request of the ISTC [STCU], the service provider shall promptly provide proof of the existence of the insurance coverage that is required under this paragraph,

12. Attachments/Liens/Encumbrances upon the ISTC [STCU] -- The service provider shall neither cause nor permit any attachment, lien, or encumbrance to be placed on file, or to remain on file, with any governmental office or on file with the ISTC [STCU] for any moneys due or that may become due for any work done or materials furnished under this contract or purchase order or by reason of any other claim or demand against the service provider.
13. Title and Risk to ISTC [STCU]-Provided Equipment and Supplies - The title to all ISTC [STCU]-provided equipment or supplies shall remain with the ISTC [STCU]. All such equipment shall be returned to the ISTC [STCU] at the completion of this contract or purchase order or earlier if no longer needed by the service provider. Such equipment shall be returned in the same condition as when delivered to the service provider, subject to the wear and tear from normal usage. The service provider shall be liable to compensate the ISTC [STCU] for equipment that has been damaged beyond what might be reasonably anticipated from normal usage.
14. Foreground Intellectual Property Rights - The ISTC [STCU] shall be entitled to all foreground intellectual property and any other proprietary rights (including but not limited to patents, copyrights, trademarks with regard to products plus documents and other materials) that are connected with or are produced in the course of the fulfillment of this contract or purchase order. At the ISTC [STCU]'s request, the service provider shall undertake all necessary steps, execute all necessary documents, and generally assist in the securing of such foreground intellectual property and other proprietary rights including their transfer to as well as registration in the name of the ISTC [STCU] (or its designee).
15. Use of the ISTC [STCU]'s Name, Emblem, and Seal - Absent the written permission of the ISTC [STCU]:
 - (a) the service provider shall neither advertise nor otherwise make public the fact of its work with the ISTC [STCU];
 - (b) nor shall the service provider make any use of the ISTC [STCU]'s name, emblem, and seal.
16. Ownership, Confidentiality, and Non-Disclosure -- All documents, drawings, estimates, maps, mosaics, photographs, plans, recommendations, reports plus all data compiled or received by the service provider under this contract or purchase order shall:
 - (a) become the property of the ISTC [STCU]
 - (b) be treated as confidential i.e. delivered only to authorized ISTC [STCU] management and officials.

The service provider further promises not to communicate at any time or to any other person, government, or authority external to the ISTC [STCU] any information that has been made known to it by reason of its work or association with the ISTC [STCU] that has not previously been made public. Similarly, the service provider promises not to use this information at any time to its private advantage.

17. Force Majeure - This means acts of God, law, or regulations, industrial disturbances, acts of the public enemy, civil disturbances, explosions, fires, and any other or similar causes or equivalent force not caused or within the control of either the ISTC [STCU] or the service provider that neither can overcome.

If, in the event of a force majeure, the service provider is rendered unable, in whole or in part, to fully perform its obligations as well as responsibilities under this contract or purchase order, both notice plus confirming particulars shall be given in writing to the ISTC [STCU]. Such notice to be valid must be within fifteen (15) days of the start of such force majeure. Upon receipt of a notice of force majeure, the ISTC [STCU] shall have seven (7) days within which to give notice to the service provider of its termination of this contract or purchase order on grounds of convenience.

18. Suspension:

- (a) Upon receipt of a suspension notice from the ISTC [STCU], the service provider shall, unless the notice directs otherwise, immediately halt its services,
- (b) Upon the ISTC [STCU]'s giving of at least five (5) working days notice, it may suspend performance of all or any part of the services that are the subject of this contract or purchase order. This suspension may be for up to sixty (60) days during which period the ISTC [STCU] may at any time, by written notice, require the service provider to resume performance. If at the end of sixty (60) days ISTC [STCU] has not directed a resumption of those services, the unfulfilled portion of the services that has been suspended may be terminated by either party.
- (c) The ISTC [STCU] shall not be liable for any damages, anticipated profits, or costs incurred with respect to suspended services during any period of suspension.
- (d) Notice shall be in writing to — Chief Financial Officer — ISTC [STCU]..

19. Termination:

- (a) Upon receipt of a termination notice from the ISTC [STCU], the service provider shall, unless the notice directs otherwise, immediately discontinue its services. Notice shall be in writing to - Chief Financial Officer - ISTC [STCU]
- (b) Default by the service provider -- Should the service provider at any time refuse or neglect to supply sufficient and properly skilled workers, or fail in any respect to prosecute the services or any separable portion, **with** promptness and diligence, or fail in the performance of any portion of this contract or purchase order required for the satisfactory completion of the services, or become insolvent, ISTC [STCU] may terminate this contract or purchase order on the ground of default. In such a case, termination will be effective forty-eight (48) hours after written notice has been given to the service provider to correct the deficiency.

In the event of a termination by the ISTC [STCU] for default, The service provider shall not be entitled to receive any further payment, if any may then be due, until the services are completed to the ISTC [STCU]'s full satisfaction. That is, the ISTC [STCU] may choose, in the manner it considers appropriate, replacement services similar to those terminated for default, [n such a case, the service provider shall be liable for, and pay to, ISTC [STCU] any reasonable cost, including the cost for additional managerial and administrative services, in excess of the price of the original contract or purchase order.

- (c) Convenience of the ISTC [STCU] - Upon ten (10) days advance written notice, the ISTC [STCU] may terminate this contract or purchase order. Such termination shall be effective in the manner that are specified in the notice and shall be without prejudice to any claims that the ISTC [STCU] may have against the service provider.

If this contract or purchase order is terminated for ISTC [STCU]'s convenience, the obligations of this contract or purchase order shall continue as to services already performed, as to obligations entered into before the date of termination, and as to obligations not reasonably terminable thereafter. The service provider shall be entitled to relative proportions of the originally agreed upon contract or purchase order price for those portions of the services done before the effective termination date. The service provider shall be entitled to neither profit nor fee on any unperformed services.

20. Dispute Resolution -

in the event of any and all disputes arising out of or relating to this contract or purchase order, including any question regarding its existence, validity or termination, the parties shall first seek settlement of that dispute by mediation in accordance with the:-

- (a) Arbitration Rules of the United Nations Commission on the International Trade Law (UNCITRAL) and applying general principle of law;
- (b) If the dispute is not settled by mediation within 90 days of the commencement of the mediation, or such further period as the parties shall agree in writing, the dispute shall be referred to and finally resolved by a LCIA-administered arbitration under the LCIA rules, which rules are deemed to be incorporated by reference;
- (c) The language to be used in both the mediation and in the arbitration shall be English;

- (d) The governing law of this contract or purchase order shall be the substantive law of the State of New York, USA;
 - (e) In any arbitration commenced pursuant to this clause,
 - i. the number of arbitrators shall be three;
 - ii. the default mechanism for the selection of the arbitrators shall be that provided in the rules of the LCIA;
 - iii. the arbitrators shall each be fluent in English, have prior international arbitration experience, and none shall be nationals of the country of legal residence any of the parties;
 - iv. the seat, or legal place, of the arbitration shall be London, England.;
21. The ISTC [STCU]'s Diplomatic Privileges and Immunities - Nothing in this contract or purchase order shall be construed as a waiver of any of the privileges or immunities according to the ISTC [STCU] by its immediate parties and the international treaties to which they have subscribed.
22. Amendments to this Contract or Purchase Order - This contract or purchase order may only be changed by a written amendment.
23. Coordinates for the Giving of Legally Effective Notice - The legally effective service of any notice in connection with this contract or purchase order -
- (a) must be in English;
 - (b) must be sent by either registered mail, facsimile, or e-mail to the individuals identified in the underlying contract or purchase order at the addresses set forth in same.

Technical Evaluation

The ISTC and STCU evaluators calculate the overall score of the evaluated company based on their estimate of the company commercial proposal. ISTC & STCU use the average score given by the experts. The Secretariat has utilized the following technical criteria and weight distribution to rank the companies.

Technical Criteria	Weight
	%
1. Audit plan and workplan C3	20
2. Office's Experience C2	30
3. Project Team: C1	50
	100
	100

Proposals will be reviewed and evaluated by a tender committee comprised of representatives from the ISTC and STCU. Proposals will be examined to determine compliance with the minimum requirements of this RFP.

The ISTC and STCU shall award the contract to the proposer, whose proposal shall be determined to be compliant with the minimum requirements and who has offered the lowest evaluated price. The evaluated price shall be determined as follows:

$$P_e = P_p / (C_1 \times 50\% + C_2 \times 30\% + C_3 \times 20\%) \times 100, \text{ where:}$$

P_e is the evaluated price,

P_p is the proposed price,

$C_1 \dots C_3$ are the criteria, described below, assessed on a scale of 1 to 100:

C_1 Project Team

- Expertise and profiles of proposed project personnel, specifically qualifications related to the functional and technical expertise in auditing enterprises similar in nature to ISTC and STCU.
- Recent pertinent continuing education.
- Appropriateness of assigned staff levels.

C_2 Office's Experience

Includes resources to be applied, depth and breadth of technical expertise and experience and demonstrated results attained in similar engagements.

C_3 Audit plan and workplan

Proposers will be expected to submit a representative audit plan and workplan for the scope of services identified in *Section III Point A*. The audit plan and workplan must address the proposed work methodology and tools to be used in providing ISTC and STCU services and

identify the resources, tasks and schedules associated with delivery, and implementation of the audit. The timeliness of the projected completion dates, as well as the track record of meeting agreed upon delivery dates will also be considered.

Proposals that do not receive a minimum score of 70 for the weighted average of the technical criteria C1, C2 and C3 will not be considered for determination of the evaluated price.