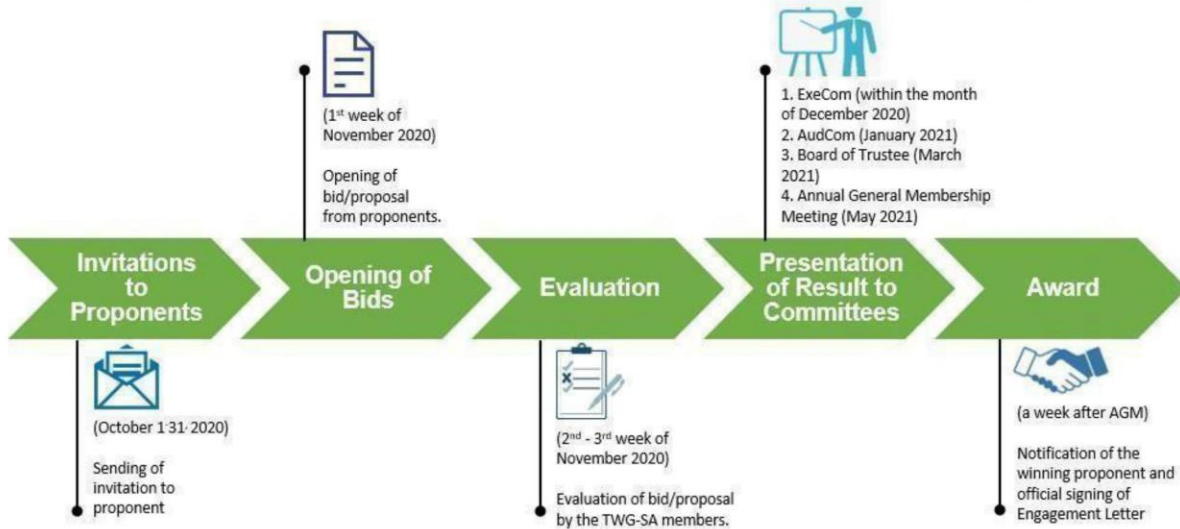
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6.14 Approving Authority


Particulars	Approving Authority
Selection of External Auditor for Statutory Audit	
- For AFPMBAI and Subsidiary(ies)	General Membership
- For AERP	Board of Trustees

7.0 PROCEDURE

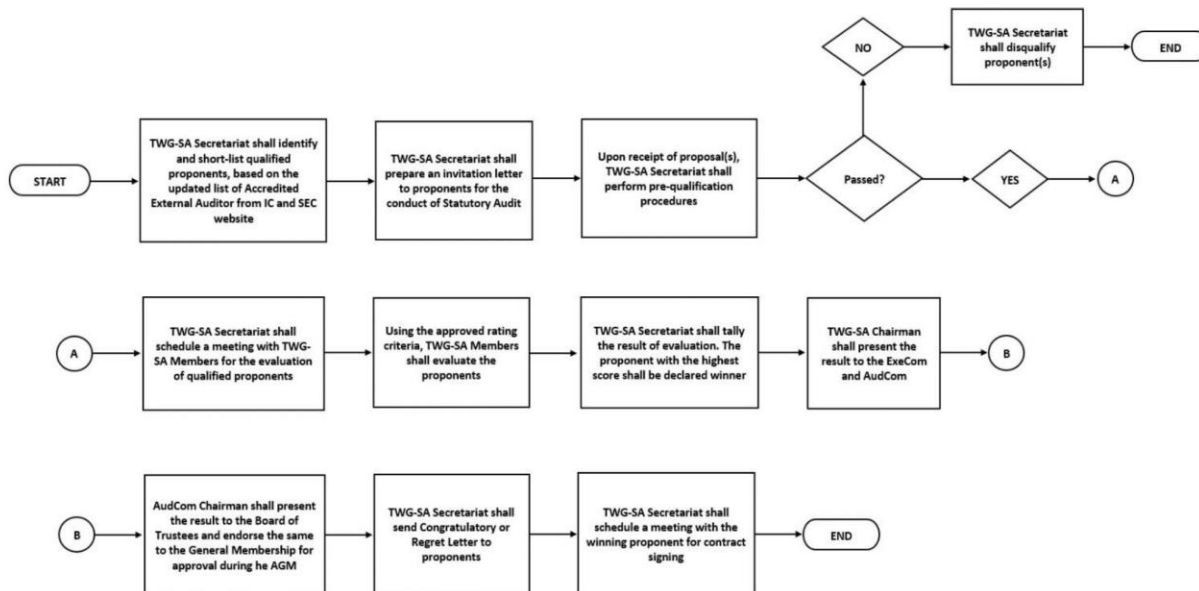
7.1 Process in the Selection of External Auditor for Statutory Audit (Sample illustration - Selection of External Auditor for CY 2021 Statutory Audit)



Note: Result of the Selection of External Auditor for AERP shall be presented up to the AFPMBAI Board of Trustees (BOT) only; who shall be the approving authority of the latter.

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7.2 Steps Involved in the Invitation, Evaluation and Selection of External Auditor:




Note: Result of the Selection of External Auditor for AERP shall be presented up to the AFPMBAI Board of Trustees (BOT) only; who shall be the approving authority of the latter.

7.2.1 Invitation of Bidders/Proponents

TWG-SA Secretariat shall perform the following task:

- 7.2.1.1 Obtain the updated List of Accredited External auditor, both, from the IC and SEC website.
- 7.2.1.2 Identify and short-list qualified external auditors that were included in both lists.
- 7.2.1.3 Prepare the invitation letter (**ANNEX A**) indicating the following:
 - 7.2.1.3.1 Specific period for audit
 - 7.2.1.3.2 Due date of submission of proposal and the disqualification for late submission
 - 7.2.1.3.3 Mode of submission of proposal, which may either be courier (hard copy) or e-mail (soft copy)
 - 7.2.1.3.4 Contact details of TWG-SA Secretariat
 - 7.2.1.3.5 Request for a separate proposal for the Association's subsidiary(ies)
 - 7.2.1.3.6 Instruction to fill-out the Service Provider Questionnaire (**ANNEX B**) for evaluation purposes
- 7.2.1.4 Forward the invitation letters to the Office of the President for his signature.
- 7.2.1.5 Upon receipt of the signed letters, send a scanned copy to the proponents through email.
- 7.2.1.6 Transmit to GSD the original signed letters for delivery.
- 7.2.1.7 As may be necessary, provide each proponent copies of documents needed as reference.

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7.2.2 Evaluation of Proposals

7.2.2.1 Pre-qualification Procedure

7.2.2.1.1 TWG-SA Secretariat shall review compliance with the requirements stated in the invitation letter.

7.2.2.1.2 Using the submitted proposal and accomplished Service Provider Questionnaire, encode in the Comparative Analysis Template - Abstract of Bid (**ANNEX C**) the details of each proponent.

7.2.2.2 Rating and Selection of Proponents

7.2.2.2.1 TWG-SA Secretariat shall schedule a meeting with TWG-SA members for the evaluation of proponents.

7.2.2.2.2 TWG-SA members may look into the latest "Most Sought External auditor" for evaluation.

7.2.2.2.3 TWG-SA members, except the Secretariat, shall give their individual rating per proponent, using the Selection Rating Criteria (**ANNEX D**), by filling up the Selection Rating Template (**ANNEX E**). In case of a tie, both proposals will be presented to the Audit Committee for their evaluation and resolution.

7.2.2.2.4 If a TWG-SA member is absent, he/she can send a representative to attend the meeting. However, said representative has no right to rate/vote on the member's behalf.

7.2.2.2.5 TWG-SA Secretariat shall tally the score of all members. Ratings of each proponent shall be totaled and the proponent with the highest score will be declared winner.

7.2.2.2.6 Negotiation of cost, if necessary, shall be done after the evaluation of proponents.

7.2.3 Preparation of Minutes of Meeting


7.2.3.1 TWG-SA Secretariat shall prepare the minutes of meeting during the evaluation and selection of the winning proponent, and this shall be routed to TWG-SA members.

7.2.3.2 TWG-SA members shall include their comments or signify approval on the routed minutes. After which, this shall be returned to TWG-SA Secretariat for proper documentation and safe-keeping.

7.2.4 Endorsement of the Winning Proponent

7.2.4.1 TWG-SA Chairman shall present the result of the selection process of external auditor to the Executive Committee (ExeCom) within the month of December and to the Audit Committee (AudCom) at its regular meeting for the month of January of the following year.

7.2.4.2 Subsequently, AudCom Chairman shall present the said result to the Board of Trustees (BOT) at its March meeting for approval to endorse the result of the selection process to AGM. Result of the

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Selection of External Auditor for AERP shall be presented up to the AFPMBAI Board of Trustees (BOT) only; who shall be the approving authority of the latter.

- 7.2.4.3 The AudCom Chairman shall present the result of the selection process of external auditor for approval of the General Membership.
 - 7.2.4.4 Upon approval, TWG-SA Secretariat shall prepare a Congratulatory Letter and a letter of regret for the signature of the President
 - 7.2.4.5 The congratulatory letter shall be sent to the winning proponent requiring the submission of an advance copy (soft copy) of the Engagement Letter through email, for review of the Legal Office.
 - 7.2.4.6 Both the Congratulatory and Letter of Regret, shall be delivered by GSD.
 - 7.2.4.7 The advance copy of the Engagement Letter shall be forwarded to the Legal Office for review. In order to meet the target schedule, the reviewed copy shall be returned to TWG-SA within three (3) working days upon receipt.
 - 7.2.4.8 The TWG-SA Secretariat shall schedule a meeting with the President and CEO of AFPMBAI, representative(s) of the winning proponent (External auditor) and the Legal Counsel for the Signing of the Engagement Letter.
 - 7.2.4.9 TWG-SA Secretariat shall be the custodian of the notarized Engagement Letter and all pertinent documents relevant to Statutory Audit.
 - 7.2.4.10 TWG-SA Secretariat shall inform the selected external auditor of any change in regulatory and statutory requirements.
- 7.2.5 Re-engagement of Incumbent External auditor**
- 7.2.5.1 TWG-SA shall evaluate its performance based on the criteria in the Satisfaction Evaluation Sheet (**ANNEX F**) to qualify for the next selection process.
 - 7.2.5.2 The incumbent external auditor must have a rating of 3 and above to be included in the list for sending of invitation
- 7.2.6 Breach of Contract**
- 7.2.6.1 Examples of breach of contract are, but not limited to, the following:
 - 7.2.6.1.1 Failure to perform some aspect of the contract
 - 7.2.6.1.2 Failure to deliver on-time
 - 7.2.6.2 In case of breach of the provisions of the contract by the external auditor, TWG- SA shall recommend expeditiously necessary courses of action, either termination or remedial action, to the Management.
 - 7.2.6.3 The case should be elevated to the BOT through the AudCom.