

# **SABAH PROJECT EXTERNAL AUDIT**

## **Terms of Reference**

### **Introduction**

The Strengthening Livelihood Initiative for Home-Based Workers in SAARC Region (SABAH Project) implemented by the Ministry of Economic Development (MED) will focus on overcoming the livelihood challenges and issues faced by home based workers in the Maldives. The project aims to create and strengthen livelihood opportunities for Maldives home based workers and thereby facilitate a positive environment for their social and economic empowerment. MED acts as the Project Implementation Agency and project implementation proper has commenced from May 2012.

### **Objective of Audit**

The objective of the audit of the Project Financial Statement (PFS) is to enable the auditor to express a professional opinion on the financial statements and financial position of SABAH Project for the period Jan 1, 2017 - December 31, 2017 and of the funds received and expenditures for the stated accounting period as reported by the PFS, including an opinion on the accuracy and completeness of the Interim Unaudited Financial Reports submitted under the project. The audit shall also determine whether the **Project Implementing Agency (IAs)** has made adequate arrangements to ensure that the funds are used.

### **Scope**

The audit will be carried out in accordance with the International Auditing and Assurance standards (ISA), and will include such tests and controls as the auditor considers necessary under the circumstances. In conducting the audit, special attention should be paid to the following and shall ensure:

- a) All external funds have been used (including procurement of goods & services) in accordance with the conditions of the relevant financing agreements, with due attention to economy and efficiency, and only for the purposes for which the financing was provided. Relevant financing agreements are Development Financing agreement, Loan Agreement, technical Annex, Project Appraisal Document, Operational Manual, Financial Management Manual, aide memoires of the IFIs, Project Implementation Plan under several grants/ loans received.
- b) All necessary supporting documents, records, and accounts have been kept in respect of all project ventures including expenditures reported in Financial Monitoring Reports.
- c) Determine clear linkages exist between the books of account and reports.
- d) Procedures and controls exist in the project to conduct physical verification of the fixed assets and inventories, which shall be tested as may be deemed necessary under the assurance standards, by the auditor.
- e) The project accounts have been prepared in accordance with and have consistently applied International Accounting Standards as adopted by IAS and give a true and fair view of the financial situation of the project at the year end and of resources and expenditures for the year ended on that date.

### **Interim Financial Reports**

In addition to the audit of the PFS, the auditor is required to audit all Interim Financial Reports (IFRs) used as the basis for the submission of withdrawal applications.

The auditor should apply such tests and controls as the auditor considers necessary under the circumstances. These expenditures should be carefully compared for project eligibility with the relevant financing agreements. Where ineligible expenditures are identified as having been included in withdrawal applications and reimbursed against, these should be separately noted by the auditor.

### **Designated Account**

In conjunction with the audit of the Project Financial Statements, the auditor is also required to audit the activities of the Designated Account(s) associated with the Project. The Designated Accounts usually comprise of:

- (a) Deposits and replenishments received from the SDF
- (b) Payments substantiated by fund transfer requests.
- (c) Interest that may be earned from the balances; and
- (d) The remaining balances at the end of each fiscal year.

The auditor must form an opinion as to the degree of compliance procedures and the balance of the special account at the year- end. The audit should examine the eligibility and correctness of financial transactions during the period under review and fund balances at the end of such a period, the operation and use of the Special Accounts in accordance with the financing agreement, and the adequacy of internal controls for this type of disbursement mechanism. For this project, the Special Accounts are referred to in the relevant financing agreements.

### **Audit Opinion**

The auditor shall provide:

1. An opinion on the finance statements of the Project presented in both Country Currency and USD for the year ended December 2017.
2. An opinion on the interim unaudited financial reports prepared for the financial year 2017.
3. A certification on the eligibility of expenditures reimbursed
4. Signed copies of the Actual vs. Budget Statements and project financial statements prepared in MVR and USD.
5. Prepare and issue a management report to the Implementing Agency.

The auditor should submit the two signed copies of the audited accounts and audit reports to the Implementing Agency.

### **Management Report**

In addition to the other areas, the auditor will also comment on the following areas and based on the observations prepare and issue a management report to the Implementing Agency:

- a) Observations on the accounting records, systems, and controls that were examined during the course of the audit
- b) Identify specific deficiencies and areas of weakness in systems, internal audit and other controls; and make recommendation for their improvement. Also recommend specific areas that may require performance audit to substantiate economy and efficiency in operations.
- c) Report on the degree of the compliance of the financial covenants on the financing agreements.
- d) Communicate matters that have come to attention during the audit which might have a significant impact on the implementation of the project.
- e) Comment on implementation of recommendations from previous management report, if any, including any issues which remain to be addressed and any issues which recurred
- f) Bring to the Implementing Agency's Funding Agency's attention any other matters that the auditor considers pertinent.

### **Time line**

The auditor is expected to submit the final version of the audited financial statements together with the auditor's report and the Management report within 3 weeks of commencing services.

### **Qualification and Experience:**

Applications are open for both firms and individuals. Interested applicants for the External Auditor post shall;

- 1) Be a qualified Chartered Accountant (CIMA/ACCA/CPA)
- 2) Have minimum five years of experience in auditing field
- 3) Have demonstrable past experience in auditing development projects.

Note: Firms that are applying for the service; shall at least have one of its partners with 5 years of professional experience.

### **Applications:**

Interested applicants are invited to submit both technical and financial proposals.

The Technical proposal shall comprise of the following

- 1- Profile of the audit firm or the individual outlining previous work experience or jobs undertaken that are relevant to this TOR.
- 2- CV of the applicant and if a firm CV of the lead/ designated auditor that will be assigned for this job.
- 3- Attested and accredited copies of certification of educational qualification of auditors.
- 4- Registration copy of the audit firm and if an individual a copy of the National ID/ passport
- 5- Copy of audit practitioner's license issues by a recognized competent authority of the Maldives
- 6- A proposal on how the external audit function will be carried out including a timeline.

The financial proposal shall indicate the fees charged per hour of service and proposed payment schedule. No advance payments will be made under this contract. All services should be inclusive of GST and there should not be any hidden or omitted costs.

## **Bid Evaluation Criteria:**

Submitted proposals will be judged based on the following criteria:

- 1 - Price = 50 points (the lowest will score the highest marks)
- 2 - Qualification = 40 points (importance will be given to well established auditing firms who have carried out similar auditing jobs as well as firms who have submitted the above mentioned documents and certificates)
- 3 - Duration = 10 points

## **Deadline:**

The documents should be submitted in a closed envelope. The envelope should be clearly labeled as

“SABAH Project – External Audit” and addressed to:

SABAH Project

Ministry of Economic Development

Male’ Maldives

The proposal should be in a secure bind and there should not be loose papers.

Bid Information Session will be held on 3<sup>rd</sup> April 2018 (Tuesday) 10:00 Hrs at 1<sup>st</sup> Floor Conference Room, Ministry of Economic Development, Boduthakurufaanu Magu, Malé, Maldives.

Bid Submission will be held on 5<sup>th</sup> April 2018 (Thursday) 11:00 Hrs at 1<sup>st</sup> Floor Conference Room, Ministry of Economic Development, Boduthakurufaanu Magu, Malé, Maldives. Bids received before and after the bid submission deadline will not be accepted.

For further information please contact 3003019 or email to [sabah@trade.gov.mv](mailto:sabah@trade.gov.mv).

**Annex A: Bid Submission Form**  
**Bidder Profile and technical Proposal**  
**Price Schedule of goods and services**

(All these forms can be downloaded from [www.trade.gov.mv](http://www.trade.gov.mv))

**Annex B: List of Personnel**

#	Name	Designation	Qualification
1			
2			
3			
4			
5			
6			

**Annex C: Work Schedule**

Week 1	
Week 2	
Week 3	

