

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



Ministry of Economic Development
Male',
Republic of Maldives



Maldives: Enhancing Employability and Resilience of Youth Project (MEERY)

P163818

Term of Reference and Scope of Services

for

Internal Auditor

1. Background

Several aspects of the Maldives' recent development pattern highlight imbalances between labor demand and supply. Public sector jobs are predominantly in the civil service with the rapid expansion of cadres in the 1990s and 2000s. However, with the increasing standard of living over time, the labor market has become more challenging for Maldivians in general. Increasing educational attainment among the younger generation and expectations have coincided/collided with the rapid growth in lowskill service jobs associated with tourism and construction, leading to a mismatch in skills supply and demand. Despite the high levels of growth and labor market conditions in public investments, tourism, fisheries and non-tradable tourism related activities, important challenges remain for young Maldivians. These relate to (i) the need for greater inclusion and productive employment for youth, especially for those who cannot rely on public sector jobs (because of a sharp reduction of public sector employment) or who are from the most vulnerable segments of the population; and (ii) an increasing reliance on foreign labor in important sectors such as tourism and construction services and limited opportunities for women.

The Government of Maldives (GoM) is implementing the "Maldives: Enhancing Employability and Resilience of Youth (MEERY)" Project. The project is funded by the World Bank. The objective of the project is to improve the relevance of technical and vocational skills and foster entrepreneurship to promote youth employment in priority sectors. The project is being jointly administered by the Ministry of Higher Education (MoHE) and Ministry of Economic Development (MoED), with a Project Steering Committee that is co-chaired by the MoHE and the MoED.

The project comprises of three components and a Contingent Emergency Component. The three primary components are;

Component 1: Fostering skills development and entrepreneurship in priority sectors through four subcomponents:

- 1.1: Labor-market assessment and analysis for demand driven skills identification
- 1.2: Revision of Skills Development (TVET and Entrepreneurship) Curriculum
- 1.3: Face-to-Face Skills Delivery.
- 1.4: Support for Entrepreneurship Development.



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Component 2: Promoting entrepreneurship and employment through skills Development and eLearning Strategy through three sub-components:

- 2.1: Strategy Development, Strengthening and Diversifying skills development programs.
- 2.2: IT infrastructure for skills development and jobs platform.
- 2.3: Career hubs for education-industry linkages.

Component 3: Project Coordination, Monitoring and Evaluation

2. Objectives

The Internal Auditor will undertake an independent and objective internal audit as required by the World Bank for the periodic evaluation of overall efficiency and performance of the Enhancing Employability and Resilience of the youth (MEERY) project. This includes providing assurance to the Project Management Unit (PMU) and to the World Bank of the overall effectiveness of the work being carried out and to ensure project implementation in accordance with the requirements of the World Bank and hence involves.

- Examination and evaluation of all internal controls pertaining to all Core project activities, Recruitment, Budgeting, Procurement, Disbursements, Accounting and Reporting.
- Assessment of compliance of all Project activities to the requirements of the operations manual.
- Identification of risky areas to offer recommendations for mitigation of such risks.
- Assessment of fund movements to ensure accuracy of the recording and the reporting process.

3. Scope of Services

The internal audit will be carried out in accordance with International Standards for the Professional Practice of Internal Auditing issued by IIA and will include such tests and controls as the auditor considers necessary under the circumstances to ensure the transparency accountability of the financial management system. In conducting the audit, special attention should be given to the following:

- a) That, all project funds have been used in accordance with the conditions of the relevant financing agreements, with due attention to transparency, economy and efficiency and only for the purposes for which the financing was provided.
- b) That, goods & services financed have been procured in accordance with relevant financing agreements and as per the World Bank guidelines for procurement of goods, works & services.
- c) That, all eligible expenditures incurred is as per the approved work plan.
- d) That, the Financial Statements (quarterly & annual) submitted by PMU reflect the actual, true & fair expenditures incurred by them.
- e) That, all necessary supporting documents such as records, vouchers, bids, bidding documents, etc. and books of accounts have been kept in respect of all project procurements & expenditures including beneficiary and expenditures covered by IUFs for the review of WB and the Auditor General Office of Maldives.
- f) That, clear linkages exist between the books of accounts / IUFs maintained by PMU and the reports submitted to the World Bank / GOM.



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- g) For works activities ensure that there is adequate linkage between measurement books and contractors' running bills (duly approved by the competent authorities). The contractors' ledger is updated and all statutory deductions and mobilization advances recovered while making payments. A sample of works may be physically verified & pictorial evidence of the works inspected should be attached with the report.
- h) That, the assets sanctioned and created under the Project have been actually created, that proper record in the form of an Asset Register showing details of cost, identification location and custodian is maintained and that the Physical Verification of the asset is being carried out and they have been put to use for the purpose for which they were created. Auditors shall verify a sample of assets procured and created under the project including assets provided to community groups.
- i) Have a true and fair view of the financial situation of the project for the quarter under audit and of the sources and expenditures for that quarter.
- j) Physical verification of assets acquired or created under the Project on a sample basis.
- k) Submit quarterly internal audit reports to the WB within 60 days of the end of the quarter.

The audit report should *inter alia* include:

- a) Comments & observations on the accounting records, systems and controls that were examined during the course of audit;
- b) Identify specific deficiencies and areas of weakness in systems & controls and make recommendations for their improvement;
- c) Report on the degree of compliance of each of the financial covenants on the financing agreements and give comments, if any, on internal and external matters affecting such compliance;
- d) Comments on the procurement related observations by the Internal Auditors;
- e) Communicate matters that have emerged during the audit which might have a significant impact on the implementation of the Project; and
- f) Bring to the Project Director's (PD) attention any other matter that the auditor considers pertinent.

4. Reporting

The internal auditor will be reporting to the Project Director and is expected to submit separate quarterly audit reports for the year for the below mentioned periods.

| | |
|---------------------|------------------------------------|
| Period I: | 1 January – 31 st March |
| Period II: | 1 April – 30 June |
| Period III: | 1 July – 30 September |
| Period IIII: | 1 October– 31 December |

The project internal audit will be arranged for the full duration of project from 1st January 2022 to 31st December 2024. Audit Reporting must be completed for the above stated periods.

Reporting: Reporting by the internal auditor shall be done as per details given hereunder. It is expected that the final audit report to be completed within 60 days of the audit period end.



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- a) **Draft Report (3 copies):** The Auditor will provide a Draft report to the PMU, highlighting findings during the interim audit, to enable the project management to take timely action. The PMU will submit its response, if any, within 10 working days of receipt of the draft report.
- b) **Final Report (3 copies):** The auditors should submit the final report to the Project Director, the Project Steering Committee of the MEERY Project, and the Chief Audit Executive of the Ministry of Finance, after receiving comments from respective stakeholders.

Note: For **Period i:** 1 January 2022 – 30 June 2022; the final audit report to be submitted within 60 days of contract signing. Going forward, quarterly internal audit reports to be submitted enabling the PMU to share the internal audit report with the World Bank within sixty days of the end of the quarter

4. 1 Coverage and Timing of the Review

The review will be carried out based on the Internal Audit Plan. The auditor in consultation with the PMU will prepare an audit plan. The auditor will also make Compliance Review at PMU.

4.2 Facilities to be provided by the PMU

The internal auditor will be given access to all legal documents, financial management manual, operations manual, government orders/ circulars, World Bank Procurement Guidelines correspondence, documents related to all financial transactions, monthly financial statements, Project Financial Statements, IUFs and any other information associated with the project and as deemed necessary by the auditor.

The auditors will also be given access to all the assets selected for physical verification by the auditors.

No services other than those specifically mentioned in this TOR shall be extended to the auditor. The auditors shall make their own conveyance arrangements.

4.3 Engagement of the Internal Auditor

The Internal Auditor will be appointed on an engagement basis to carry out the internal audit of the project activities for a period of one year.

5. Required Expertise and Qualification

The Firm is expected to have knowledge and experience in the field of Auditing in as follows:

The core requirement of the Internal Auditor that will be carrying out the audit:

- A minimum of 5 years of relevant experience in the above mentioned fields
- A member of a professional body having membership of the International Federation of Accounting (IFAC)
- Previous work experience with similar assignments within government will be an added advantage.
- Fluent in spoken and written English

The firm is expected to provide references for related work undertaken recently assupporting information.



6. Selection and Evaluation Criteria

6.1 Technical Requirements:

Following are the Minimum Requirements that the Firm must provide with documentary evidence to prove the validity of the information:

- a) **Practicing Certificate:** The applicant must have a valid “Practicing Certificate” issued by the Auditor General’s of the Maldives/ or Institute of Chartered Accountants of the Maldives. (provide copy of the Certificate)
- b) **Chartered Accountants:** The applicant must be a member of a professional body having membership of the International Federation of Accounting (IFAC). Qualification must be demonstrated with the documents/certificates.
- c) **Experience:** previous experience of the applicant must be demonstrated in the CV of the proposed key personnel. To that end, the applicant must submit a full CV for each of the proposed personnel.

7. Duration of Services and Terms of Payments

The payment of the consultancy would not be made as a lump sum figure; it will be based on the deliverables. Accordingly, payments would be made upon completion and acceptance of the final internal audit report.

Below details Year I internal Audit Period.

| Year | Period | Duration | Contract value |
|--------|--------------|-----------------------------------|-----------------------|
| Year 1 | Period I: | 1 January 2022 – 31 March 2022 | 25% of contract value |
| | Period II: | 1 April 2022 – 30 June 2022 | 25% of contract value |
| | Period III: | 1 July 2022 – 30 September 2022 | 25% of contract value |
| | Period IIII: | 1 October 2022 – 31 December 2022 | 25% of contract value |

The project internal audit will be arranged for the full duration of project from 1st January 2022 to 31st December 2024 on quarterly basis as show above for year 1 example. The Internal Audit firm will be hired on yearly engagement basis.



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8. Expression of Interest Application Submission

- I. Deadline for submission of the application is 4th January 2023 (04:00pm).
- II. Application should be emailed to the following contact details.

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Project Director
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