

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ



Ministry of Economic Development
Male',
Republic of Maldives

Terms of Reference

Consultancy Services to Conduct Internal Audit of (SAILS) Project

1. Background

The government of Maldives (GOM) intends to introduce a new Unemployment Benefits Act that will extend contributory social insurance to all Maldivian workers. The government will establish an Unemployment Insurance (UI) scheme which will be complemented by an integrated program of job search assistance and labor market reinsertion initiatives. The UI scheme will be designed to complement the Maldives Retirement Pension Scheme (MRPS), and the project will support the development of policy measures and capacity building to ensure the long-term fiscal sustainability of the MRPS and Old Age Basic Pension (OABP).

The Employment Services (ES) will serve as a platform for strengthening Active Labor Market Program (ALMP), addressing the challenges faced by Maldivians in finding employment, and building an integrated Labor Market Information System (LMIS). The scheme will pursue partnerships with government and non-government agencies aimed at promoting female employment, filling strategic gaps in the labor market (such as green and blue economy jobs), and replacing migrant workers with locals in the tourism industry.

The Government of Maldives (GoM) is implementing the "Sustainable and Integrated Labor Services (SAILS)" Project. The project is funded by the World Bank. The project objective is to improve social protection coverage and employability of Maldivian workers by establishing a contributory unemployment insurance scheme and integrated labor market services and, in the case of an eligible crisis or emergency, respond promptly and effectively to it. The project is being jointly administered by the Ministry of Economic Development (MoED) and Maldives Pension Administration Office (MPOA) with a Project Steering Committee that is co-chaired by the MPOA and the MoED. The Ministry of Economic Development wishes to contract a consultant to conduct the Internal Audit for SAILS.

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

Component 1: Integrated Labor Market Services

- 1.1: Establishment of policy and legal framework
- 1.2: Strengthening internal systems for program administration
- 1.3: Development and implementation of the ES scheme
- 1.4: Establishment of the Job Center service centers nationwide



Component 2: Strengthening Social Insurance:

- 2.1: Provision of seed financing of UI Solidarity Fund
- 2.2: Strengthening of internal systems and processes for fund administration
- 2.3: Financial management, compliance and audit
- 2.4: Strategic planning for the sustainability of social insurance

Component 3: Project Coordination, Monitoring and Evaluation

2. Objectives

The selected Consultant 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 SAILS 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 Consultant considers necessary under the circumstances to ensure the transparency and accountability of the financial management system. In conducting the audit, special attention should be given to the following:

1. 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.
2. That, goods & services financed have been procured in accordance with relevant financing agreements and as per the World Bank procurement regulation for goods, works & services.
3. That, all eligible expenditures incurred are as per the approved work plan.



4. That the Financial Statements (quarterly & annual) submitted by PMU reflect the actual, true & fair expenditures incurred.
5. That, all necessary supporting documents such as records, vouchers, bids, bidding documents, contract documents, deliverables, etc. and books of accounts have been kept in respect of all project procurements & expenditures including beneficiary and expenditures covered by IUFRRs for the review of WB and the Auditor General Office of the Maldives.
6. That, clear linkages exist between the books of accounts / IUFRRs maintained by PMU and the reports submitted to the World Bank / GOM.
7. 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.
8. 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.

4. Audit Report

The audit report should *inter alia* include:

1. Comments & observations on the accounting records, systems and controls that were examined during the course of audit.
2. Identify specific deficiencies and areas of weakness in systems & controls and make recommendations for their improvement.
3. 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.
4. Comments on the procurement related observations by the Consultant.
5. Communicate matters that have emerged during the audit which might have a significant impact on the implementation of the Project; and
6. Bring to the Project Director's (PD) attention any other matter that the Consultant considers pertinent.

5. Reporting

The selected Consultant will be reporting to the Project Director and is expected to submit separate audit reports for the periods.



6. Schedule of Deliverables:

The project internal audit will be arranged for the full duration of project as follows:

Year	Internal Audit Period	Quarter
Year I	1 January 2023 – 30 June 2023	Q1 & Q2
	1 July 2023 – 31 December 2023	Q3 & Q4
Year 2	1 January 2024 – 31 March 2024	Q1
	1 April 2024 – 30 June 2024	Q2
	1 July 2024 – 30 September 2024	Q3
	1 October 2024 – 31 December 2024	Q4

Reporting by the selected Consultant shall be done as per the details given hereunder. **It is expected that the final audit report to be completed within 45 days after the end of the audit period.**

- Draft Report (3 copies):** The Consultant shall 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.
- Final Report (3 copies):** The Consultant shall submit the final report to the Project Director.

7. Procedure for Review of Deliverables

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

8. Facilities to be provided by the PMU

The selected Consultant will be given access to all legal documents, financial management manual, operations manual, government orders/ circulars, World Bank Procurement Regulations, correspondence documents related to all financial transactions, monthly financial



statements, Project Financial Statements, IUFRRs and any other information associated with the project and as deemed necessary by the Consultant.

The selected Consultant 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 selected Consultant. The selected Consultant shall make their own conveyance arrangements.

9. Required Expertise and Qualification

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

The core requirement of the Consultant. Key resource that will be carrying out the audit:

1. Must be a Firm (Audit Firm) Registered in the Maldives (Provide copy of the Certificate of Registration)
2. A minimum of 5 years of relevant experience in the above-mentioned fields.
3. A member of a professional body having membership of the International Federation of Accounting (IFAC).
4. The interested Consultant responding to this TOR shall demonstrate previous work experience with similar assignments within the government.
5. The key resources of the Consultant shall be Fluent in spoken and written English.

The Consultant is expected to provide references for related work undertaken recently as supporting information.

10. Selection and Evaluation Criteria

A Consultant will be selected in accordance with the Consultant Qualification Selection (CQS) method set out in the Procurement Regulations of the World Bank. From the firms that have submitted an EoI, the firm with the best qualifications and relevant experience will be selected and invited to submit its technical and financial Proposals for negotiations.

10.1. Technical Requirements:

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



- a. **Practicing Certificate:** The interested Consultant must have a valid “Practicing Certificate” issued by the Auditor General Office of the Maldives/ or Institute of Chartered Accountants of the Maldives. (Provide a copy of the Certificate).
- b. **Chartered Accountants:** The interested Consultant’s key resources 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 interested Consultant must be demonstrated. Experience in donor funded projects will be an added advantage, especially in World bank funded projects.

10.2. Selection Criteria:

The interested Consultant will be assessed as follows:

Details	Percentage
Qualification and experience	100%

11. Duration of Services and Terms of Payment

11.1 Terms of Payment

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 for each of the below stated periods.

Year	Period	Duration	Terms of Payment
Year I	Q1 - Q2	1 January – 30 June 2023	10% of the Contract Price
	Q3 - Q4	1 July – 31 December 2023	10% of the Contract Price
Year 2	Q1	1 January – 31 March 2024	20% of the Contract Price
	Q2	1 April– 30 June 2024	20% of the Contract Price
	Q3	1 July – 30 September 2024	20% of the Contract Price
	Q4	1 October – 31 December 2024	20% of the Contract Price



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11.2 Duration of Services

The selected Consultant will be appointed on an engagement basis to carry out the internal audit of the project activities from 1st January 2023 to 31st December 2024 as shown in the above table. The initial contract duration shall be for 2 (two) years and shall be renewed on a yearly engagement basis based on annual performance for the full duration of the project. The project has the full discretion to go with contract extension or a new bidding process.