



Male', Republic of Maldives.

Announcement No.: (IUL)438-CCD/438/2020/48

# Financial Audit of LCEI Project

## Terms of Reference

### 1. Introduction

The Project “Strengthening Low Carbon Energy Island Strategies Project (LCEI)” is implemented by Ministry of Environment (ME) in association with the United Nations Environment Programme (UN Environment) through funding received from the Global Environment Facility (GEF) and aims to reduce greenhouse gas (GHG) emissions through energy efficiency in the building sector.

The LCEI project is designed with a goal of market transformation for energy efficient technologies in buildings and the built environment in the Maldives; and promotion of energy efficiency investments in buildings. The project will not only target energy efficient technologies, but will also promote emerging low carbon energy technologies for the building sector.

The total cost of the project is 3.8 Million USD. The project completion date is 31<sup>st</sup> December 2020 and financial closure is set to be by 30<sup>th</sup> November 2021.

### 2. Objective

The objective of the audit of is to enable the auditor to express a professional opinion on the financial position of the LCEI project from the period **1<sup>st</sup> January to 2019 to 30<sup>th</sup> November 2021** of the funds received and expenditures. The audit shall also determine whether the Project Management Unit (PMU) of the project has made adequate arrangements to ensure that the proceeds from the Government of Maldives are used for the purpose of the money received with attention and considerations of economy and efficiency without regard to political or other non-economic influences or considerations.

The books of account of the PMU will provide the basis for preparation of the financial audit to reflect the financial transactions.

Financial transaction for FY 2019: 197,606.52 USD

Estimated financial transaction for remaining duration: 3,101,096.28 USD





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### 3. Task of the Auditor

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 costing the audit, special attention should be paid to the following.

- All external funds have been used (including procurements of good and services) in accordance with the conditions of the relevant financing agreements, with due attention to economy and efficiency and only for the purpose for which the finances was provided.
- Counterpart funds (from GoM) have been provided and used in accordance with the relevant financing agreements with due attention to economy and efficiency and only for the purposes for which they were provided.
- All necessary supporting documents, records and accounts have been kept in respect of all project ventures including expenditures reported via financial monitoring reports.
- Clear linkages should exist between the books of account and reports presented to the donors.
- Procedures and controls exist in the project to conduct physical verification of the fixed assets and inventories exits, which will be tested as may be deemed necessary under the assurance standards by the auditor.
- The project accounts have been prepared in accordance with consistently applied International Accounting Standards as adopted by the PMU and gives a true and fair view of the financial situation of the project at the year end and of recourses and expenditure for the year ended on that date.

### 4. Financial Statements

The project financial statement shall include the following:

- Summary of Funds received showing Global Environment Facility (GEF) and GoM respectively
- A balance sheet showing the accumulated funds of the project, bank balances, other assets of the project and liabilities.
- A statement of significant accounting policies
- Explanatory notes to the financial statements if any

### 4. Auditors Opinion

Besides a primary opinion on the project financial statements, the annual audit report of the project shall include separate paragraph commenting on the accuracy and propriety of expenditure withdrawn under each expenditure category. The auditor should submit the two copies of the audits accounts and audit reports.





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#### 4. Management Letter

In addition to the other areas, the auditor will also comment on:

- Observations the accounting records, systems and controls that were examined during the course of the audit
- Identify deficiencies and areas weakness in system, 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.
- Report on the degree of the compliance of the financial covenants on the financing agreements.
- Communicate matters that have come to attention during the audit which might have a significant impacts on the implementation of the project.
- Comment on the implementation of recommendations from previous management letter if any, including any issues which remain to be addressed and any issues which recurred
- Bring to attention any other matters that the auditor considers pertinent

#### 4. General

The auditor should be given access to all legal documents, correspondences and any other information associated with the project and deemed necessary by the auditor. Confirmation should also be obtained of amounts disbursed and outstanding. It is highly desirable that the auditor become familiar with related guidelines and requirements of the various donors.

#### 5. Qualification and Experience

The Ministry of Environment is seeking an experienced audit firm with the following criteria:

1. Minimum 2 years of experience on conducting similar assignments
2. Auditor shall have performed at least one similar assignment related to international banks or government entity.
3. Shall be a licensed auditor by the respective Maldivian authorities.

#### 6. Duration

The assignment is to be delivered in three parts as specified below:

Financial Audit 2019	Within 60 days of contract signing
Financial Audit 2020	Within 60 days from 1 <sup>st</sup> February 2021
Financial Audit 2021	Within 60 days from 30 <sup>th</sup> November 2021

#### 7. Evaluation Criteria

The auditing firm will be selected based on the following criteria:





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Selection Criteria	Weightage (%)
Experience in conducting audits in donor funded projects. (Minimum 2 years of experience on conducting similar assignments)	50
Proposed financial value  The proposal with the Lowest Financial Quote (Fq) will get the maximum Financial Score (Sf) of 100 points. The Financial Scores (Sf) of the other Financial offer will be computed according to the following formula: $Sf = 100 \times Fq / F$ , in which Sf is the financial score, Fq is the <u>Lowest Financial Quote received</u> and F is the price of the proposal under consideration.	50

## 6. Applications

Interested auditing firms may submit their proposals in a sealed envelope indicating the following:

- Auditing firm profile indicating the previous experiences on similar works performed in the past;
- Provide a copy of licenses by the respective Maldivian Authorities
- Financial proposal in MVR inclusive of GST for all charges
- The duration for the audit must be specified
- Copy of Company/Institution/ Sole Proprietorships Registration
- Copy of tax Registration certificate issued from Maldives Inland Revenue Authority
- Tax Clearance Report issued from Maldives Inland Revenue Authority

## 8. Bid Submission

Bids shall be submitted to the Ministry of Environment at the address specified below in this Invitation for Bids, on or before **1100hrs**, Maldivian time on **02<sup>nd</sup> March 2020**. Bids shall be





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submitted in sealed envelopes, with the title of the bid. Bid Opening date and time, and the name of bidder. Late bids, improperly labelled or sealed bids will be rejected and returned to the bidder.

### 9. Bid Validity and Bid Opening

Bids shall be valid for a period of **60 days** from the date of Bid of Opening. Bids will be opened at **1100hrs**, Maldivian time on **02<sup>nd</sup> March 2020** in the presence of the Bidders who wish to attend the bid opening.

### Proposals must be addressed as below

**“Do not Open Before 02<sup>nd</sup> March 2020 at 11:00 – Financial Audit of LCEI Project” and the submitting party’s name and address**

### Procurement Section

Ministry of Environment

Green Building, Handhuvaree Hingun, Maafannu

Male', 20392, Republic of Maldives

Email: [procurement@environment.gov.mv](mailto:procurement@environment.gov.mv)

Website: [www.environment.gov.mv](http://www.environment.gov.mv)

Project name: [Strengthening Low Carbon Energy Island Strategies \(LCEI\)](#)

Announcement number: [\\_\(IUL\)438-CCD/438/2020/48](#)

