



Ministry of National Planning and Infrastructure
Republic of Maldives

Advertisement Reference: (IUL)471-PIDS2/1/2020/121

Date: 12th July 2020

OUTER ISLAND WATER SUPPLY AND SEWERAGE FACILITIES PROJECT - OFID PHASE I

**FINANCIAL AUDITOR
TERMS OF REFERENCE**

Project Background

1. The Government of the Republic of Maldives has received Financing from the OPEC Fund for International Development (OFID) for the project, Outer Islands Water Supply and Sewerage Facilities Project. The Project Management Unit (PMU), hereby, intends to apply part of the proceeds for the Financial Audit of the project.
2. The project development objective is to contribute to improving the quality of life of the population in the 5 selected islands. This objective will be achieved by providing sustainable access to safe water and sanitation services, thereby contributing towards health promotion, economic growth and poverty alleviation in the country.
3. The scope of the projects comprise of the following components:
 - A – Sewerage Networks: Providing for the construction of sewerage networks in the five selected islands
 - B – Water Supply Networks: Providing for the establishment of water supply networks in four selected islands
 - C – Project Management: Covering the services of the consulting engineers required for the preparation of engineering designs, tender documents for civil works, and supervision of the construction works.
4. Costs for the two projects are estimated as follows:

The value of the project is estimated at US\$ 21,242,105.26. The project is to be financed by, (i) OFID for an amount of US\$ 20,000,000.00, (ii) the Government of Maldives for an amount of US\$ 1,242,105.26.



5. The Ministry of National Planning and Infrastructure is the Executing Agency and is entrusted with the execution and supervision of the implementation of the project through a Project Management Unit (“PMU”) located within the *Ministry*. The legally binding terms and conditions of the financing are in the financing Agreement of the Loan no. 1561P, which may be amplified by supplemental letters and /or amendments.

Context

6. According to the General Conditions applicable to Public Sector Loan Agreements, OFID requires the borrower to;
 - Maintain records and procedures adequate to record and monitor the progress of the Project (including its cost and the benefits to be derived from it), to identify the Goods and to disclose their use in the Project;
 - Maintain records adequate to reflect in accordance with consistently maintained accounting practices, the operations, resources and utilization of Eligible Expenditures, and where the Borrower is a State or a Government, of the departments or agencies of the Borrower responsible for the implementation of the Project and shall make such records available to OFID and the Loan Administrator upon request of either party;
 - Furnish to OFID and the Loan Administrator all such information, as well as quarterly and other reports, as OFID Management and the Loan Administrator shall reasonably request, concerning the Project in general, its implementation in conformity with the Loan Agreement and proof of utilization of the Loan proceeds for Eligible Expenditures;
 - To follow procurement guidelines set up by OFID in the procurement of goods and services, and work under the loans extended by OFID.
7. The Project Financial Statements comprised of quarterly statements of sources and uses of funds for each project. For procurements of goods, works and services to the Project, the Implementing Agency is required to comply with the OFID Procurement Guidelines.

Objective of Audit

8. The primary objective of the audit engagement is to enable the auditor to express a professional opinion as to whether (i) the Project Financial Statements (PFS) show true and fair view of the Project’s financial position as of 31/12/2015 (and for the years 2016, 2017, 2018 and 2019) and fund receipts and expenditures incurred during the period then ending; (ii) Expenditures reimbursed on basis of Statements of Expenditures are eligible to Bank financing and are reflected on the PFS, and for this purpose, the auditor shall carry out whatever necessary examinations of the statements and underlying records and control systems. The Audit opinion should also state whether the Procurement Guidelines of OFID have been properly applied and in accordance with the Project's Financing Agreement.



Scope

9. The audit subject of this Terms of Reference is considered as a special purpose contractual agreement audit for which, in addition to compliance with international standards as explained below, the auditor needs to take into consideration the reporting requirements and compliance with OFID Procurement Guidelines.

The audit will be carried out in accordance with Generally Accepted Auditing Standards (GAAS) such as the International Standards on Auditing (IAS) issued by the International Federation of Accountants (IFAC) or the Audit Standards issued by the International Organization of Supreme Audit Institutions (INTOSAI), having regard to relevant financing agreements and particular requirements of OFID, and should pay special attention to the following:

- a) All funds provided to the Project have been used, accounted for and classified in accordance with the relevant financing agreements;
 - b) All the transactions related to the project are reflected in the PFS issued according to Generally accepted Accounting Policies;
 - c) Goods, works and services financed have been procured in accordance with the relevant financing agreement, and procurement guidelines;
 - d) All necessary copy of supporting documents, records, and accounts have been kept in respect of all project. Clear linkages should exist between the books of account and reports presented to the Bank;
 - e) Compliance with specific covenants of the Financing Agreement, (e.g., compliance with the short-term and long-term borrowing conditions, cash flow covenant);
 - f) Eligibility of expenditures claimed under Statement of Expenditures submitted to the OFID for replenishment. This is in addition to substantiation of these expenditures;
 - g) External funds have been used 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;
 - h) Counterpart funds have been provided and used in accordance with the relevant financing agreements, and only for the purposes for which they were provided;
 - i) The PFS have been prepared in accordance with generally accepted accounting principles and practices, and give a true and fair view of the financial position of the Project as of 31/12/2015 (and for the years 2016, 2017, 2018 and 2019) and of the resources and expenditures for the fiscal year then ending.
10. The auditor will be expected to review all correspondences with the OFID in relation to the Project including copies of the Aide Memoires and assess progress on all financial issues.



Audit Deliverables

11. There are two main deliverables of the audit engagement:
 - (i) **Audit Report** which shall include an explicit professional opinion whether (a) the project financial statements give a true and fair view of the state of the Project's affairs, (b) expenditures reimbursed on basis of Statements of Expenditures are eligible to Bank financing and are reflected on the PFS. The Auditors should take into account relevant statutory and other mandatory disclosures and accounting requirements stipulated in the Financing Agreement and express in the report any relevant exception and the impact of the exception on the PFS.
 - (ii) **Management Letter** which should report any significant accounting and control issues arising from the audit, as identified during the internal control mechanisms review together with the related risk. The letter, with management responses, and recommendation to address the situation and insufficiencies, should be made available to the Project's governing body in time. As annex of the Management Letter the auditor will mention whether or not recommendations issued on the previous Management Letter have been considered by the Executing Agency.

Access

12. The Auditors will report in writing any serious weaknesses, fraud, irregularities or accounting break-downs that they come across in the normal course of their duties to the designated office holder, Executing Agency, and OFID without delay.
13. The Auditors shall have rights of access to the books, accounts, vouchers, Financing Agreement, Project Agreement and related Supplemental Letters, Project Appraisal Document, correspondence, and all other documents in relation of the Project and to such information and explanations as auditors consider necessary to perform their duties and fulfill their responsibilities.
14. In addition, the auditors will be provided with copies of the OFID's relevant publications that the governing body has to recognize. Including relevant disbursement and procurement guidelines.
15. In turn, on occasions the OFID's representatives may wish to meet with Projects' auditors, in connection with a visit to the auditor's office, review of the audit working papers files and discussion of the work performed and conclusion reached by the auditors. The Auditor should not limit access in any way and must reply to all inquiries raised by the OFID's representative(s). Failure to comply with this provision may disqualify the auditors from dealing with the all projects funded or administered by the OFID. Formal discussion should normally be arranged through the Project's designated office holder or representative. OFID will have this exclusive right during performance of the audit and within two years after completion of the audit engagement.



Time line

16. The auditor is expected to submit the final version of the audited financial statements and stated deliverables within 30 days from the day of commencement of services.

Qualification and Experience of the Auditor

17. 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 the field of auditing
 - 3) Have demonstrable past experience in auditing development projects
18. The auditor should be a licensed practicing auditor registered with the appropriate professional body in the country and have substantial experience in auditing major projects in the country.
19. Firms applying for the services shall at least have one of its partners with 5 (five) years of professional experience in the field of financial auditing.

Applications

20. Interested applicants are invited to submit both technical and financial proposals.
 - (a) The technical proposal shall comprise of the following;
 - 1) Curriculum Vitae of the Applicant, and in case of a firm, profile of the firm and CV of the lead/designated auditor with previous work experience or jobs undertaken that are relevant to the services in this TOR.
 - 2) Attested and accredited copies of certification as evidence of education qualification of the auditor.
 - 3) Copy of Auditor's audit practitioner's license issued by appropriate professional body in the country, and in case of a firm, copy of registration of the firm, and copy of the designated Auditor's audit practitioner's license issued by appropriate professional body in the country.
 - 4) A proposal on the methodology of the external audit function that will be carried out, including a timeline.
 - (b) The financial proposal shall indicate the fees charged for the services of the auditor on an hourly basis and a proposed payment schedule. All services should be inclusive of GST and there should not be any hidden or omitted costs.



Evaluation Criterial

21. The proposals will be evaluated based on the criteria set under the sub-heading ‘**Qualifications and Experience of the Auditor**’. Points will be given as per the standards set below.
- 1) Price = 60 points (the lowest will score the highest marks)
 - 2) General Experience in the field of Auditing = 20 Points
 - 3) Specific Experience in the field of Auditing Development Projects = 20 Points

Submission of bid proposal

The bid proposal should be in a secure bind without any loose papers, and submitted in a closed envelope. The envelope should be clearly labelled as and addressed to;

“Outer Islands Water Supply and Sewerage Facilities Project”
Project Management Unit – OFID
Ministry of National Planning and Infrastructure
Male’, Maldives

Bid information session will be held on **2nd April 2020** at Ministry of National Planning and Infrastructure. Bids received before and after the bid submission deadline will be considered invalid.

- Annex A:** Bid Submission Form
Annex B: Technical Proposal with Timeline
Annex C: Financial Proposal



Annex A: Bid Submission Form

Project Title:		
Bid Announcement Ref. No:		

Information of the Bidder:	
Name of the Bidder:	Type of entity: <input type="checkbox"/> Individual <input type="checkbox"/> Company <input type="checkbox"/> Partnership
National ID/Registration Number:	TIN No.:
Registered Address:	Postal Address:
	Contact details: Tel: Mobile:
Contact Person:	
Name:	Email Address:
Designation (if applicable):	Mobile NO.:
Proposed Price in in MVR (Inclusive of GST) :	
Signature and seal:	



Annex B: Technical Proposal and Timeline

Details of the Bidder		
Name of the Bidder:		
National ID/Registration Number		
Postal Address	Email Address:	Contact details: Tel: Mobile:
Signature and seal:		
Business Profile: (Provide a detail profile of the business including but not limited to, business objective, core business, highlights of achievements and completed projects. Attach a certified copy of the registration/license and tax registration certificate.		
Proposed Team Names and contract details of proposed team members with their representing positions. (<i>Attach CVs and certified copies of academic certificates as evidences of academic qualification.</i>)		
Experience (Fill out the below table for each project <i>and attach reference letters and completion certificates for the completed projects</i>)		
Project Title:		
Client:		
Scope:		
Year		
Value:		
Work plan/Methodology (Methodology of the audit process as proposed by the bidder)		
Timeline (As proposed by the bidder)		



Annex C: Financial Proposal

Bid Announcement Ref. No:		
Details of the Bidder		
Name of the Bidder:		
National ID/Registration Number		
Postal Address	Email Address:	Contact details: Tel: Mobile:
Signature and seal:		
Bidder's proposed price:		
Description of Services		Price in MVR (including GST)
Total		