

# TERMS OF REFERENCE

## For INTERNAL AUDITOR

### COVID – 19 Emergency Income Support Project

Ministry of Economic Development

Project No: P174014

#### I. BACKGROUND

The Government of Maldives (GoM) has received assistance from the World Bank to respond to the COVID-19 crisis and build better social protection systems to improve responsiveness and resilience in the future. The project will support the implementation of important activities in the SAP 2019-2023, such as a contributory unemployment insurance program and broaden the base of its social assistance to cover all low income households.

The World Bank Funded COVID-19 Emergency Income Support Project will broadly cover the following two objectives:

- Financing the COVID-19 Support Allowance, which will be implemented by the Ministry of Economic Development (MoED) in partnership with the NSPA. Although it is a temporary program, the data collected on beneficiaries will provide a basis for further Government support, activation, and reinsertion activities over time, with the objective of ensuring both the immediate welfare of beneficiaries and the rapid recovery of the economy and employment.
- Providing technical assistance (TA) to the Government over a period of two years, to strengthen its social protection systems and programs with the objective of making the safety net more adaptive to future economic crises and disasters. This would include supporting the program reform of the Maldives Retirement Pension Scheme, development of National Social Protection Framework, design of a contributory unemployment insurance scheme and the development of NSPA systems.

The project is expected to directly benefit 15,000–20,000 individuals (about 10 percent of the workforce) who have lost their incomes as a result of the COVID-19 health and economic crisis. Furthermore, the project's TA activities would contribute to strengthening social protection delivery systems and institutions, which would primarily benefit around 10,000 poorer and vulnerable households who receive regular social assistance. These investments would also indirectly benefit all Maldivians to the extent that they would improve the capacity of the social protection system to respond rapidly to future emergencies.

The project has the following components:

- Component 1: Temporary assistance to workers affected by the COVID-19 pandemic.

- Component 2: Strengthening social protection delivery systems and institutions.
- Component 3: Contingent Emergency Response Component (CERC).

The project will be implemented by the MoED with collaboration with the NSPA, MPAO, MoF, MMA, and other relevant entities implementing social safety net programs. Furthermore, a Project Technical Committee from the same agencies is established to review proposals, technical inputs for contract work, and deliverables of the consultancies.

The Project Operations Manual (POM) sets forth procedures and rules, which are to be followed by staff of the implementing agency, participating institutions and all stakeholders involved in project implementation.

The PMU Project accounts (books of account, documents & records) provide the basis for preparation of Interim Unaudited Financial Reports (IUFRs) and Project Financial Statements (PFS). The PMU would be carrying out the final accounting for all the expenses.

## II. OBJECTIVES

1. The objectives of the Internal Audit are to: -
  - i) Make an assessment on whether funds have been disbursed on a timely basis and reached the intended recipients and transactional controls and propriety have been maintained and used effectively and efficiently for the intended purposes under the given circumstances
  - ii) Provide timely fiduciary assurance that the Financial Management Systems and Internal Control procedures, are in compliance with financing agreement.
  - iii) Verify the procurement procedures adopted in the project;
  - iv) Evaluate the overall performance (physical progress against financial progress) of the project;
  - v) Identify potential risk areas and mitigation of those risk areas by improving the effectiveness of acceptable accounting procedures;
  - vi) To assess and report whether all project activities including all sources and application of funds for the project. The Auditor may carry out various audit procedures for achieving the objective.

## III. SCOPE OF WORK

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 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 / community contributions and expenditures covered by IUFs.
- f) That, clear linkages exist between the books of accounts / IUFs maintained by PMU and the reports submitted to the World Bank / GOM.
- 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.

**Audit Report:** 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.

#### IV. REPORTING

The internal auditor is expected to submit separate audit reports for the periods as follows:

**Period i:** 13 May 2020 – 31<sup>st</sup> December 2020

**Period ii:** 1 January 2021 – 30 June 2021

**Period iii:** 1 July 2021 – 31 December 2021

**Period iv:** 1 January 2022 – 30 June 2022

**Reporting:** Reporting by the consultant shall be done as per details given hereunder. It is expected that the final audit report to be completed within 30 days of the audit period end.

- a) ***Draft Report (3 copies):*** The Auditor will provide a Draft report to the PMU, the Project Steering Committee of the Income Support Project, and the Chief Audit Executive of the Ministry of Finance, highlighting findings during the interim audit, to enable the project management to take timely action. The PMU will submit its response, if any, within 05 working days of receipt of the draft report.
- b) ***Final Report (3 copies):*** The auditors should submit the final copy of their report to the PMU, the Project Steering Committee of the Income Support Project, and the Chief Audit Executive of the Ministry of Finance, after receiving comments from respective stakeholders.

***Note:*** For ***Period i: 13 May 2020 – 31st December 2020***; the final audit report to be submitted within 30 days of contract signing.

#### V. COVERAGE & TIMING OF THE REVIEW

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

#### VI. FACILITIES TO BE PROVIDED BY THE PMU

The auditor will be given access to all legal documents, financial management manual, operations manual, government orders/ circulars, World Bank Procurement Guidelines

correspondence, 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.

## **VII. 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 the periods from 13 May 2020 to 30 June 2022.

## **VIII. REQUIRED EXPERTISE AND QUALIFICATIONS**

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

## **IX. SELECTION AND EVALUATION CRITERIA**

### **1. Technical Requirements:**

Following are the Minimum Requirements that the individual/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. (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. The CV must be verified signed and stamped by the Firm.

## 2. Selection Criteria:

The internal auditor will be assessed as follows:

Details	Percentage
Qualification and experience	20%
Audit Schedule and Methodology	40%
Engagement fee	40%

## X. 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 for each of the below stated periods by the Chair of the Project Steering Committee.

<b>Period i:</b>	13 May 2020 – 31 <sup>st</sup> December 2020	(40% of contract value)
<b>Period ii:</b>	1 January 2021 – 30 June 2021	(20% of contract value)
<b>Period iii:</b>	1 July 2021 – 31 December 2021	(20% of contract value)
<b>Period iv:</b>	1 January 2022 – 30 June 2022	(20% of contract value)

## XI. CLARIFICATIONS AND INFORMATION SESSION

Any clarifications regarding this Terms of Reference shall be addressed in writing via email to;

Mr. Thaasyn Hilmy  
Procurement Specialist  
Maldives COVID-19 Emergency Income Support Project  
Ministry of Economic Development  
Email: [thaasyn.hilmy@trade.gov.mv](mailto:thaasyn.hilmy@trade.gov.mv)

An information session would be carried out virtually and interested parties are requested to register latest by **17th January 2021, 2:00PM** via email. Meeting information and connection details will be emailed to the registered parties.

## XII. SUBMISSION

All proposals must be delivered via email by **21st January 2021, 2:00pm** to

Mr. Thaasyn Hilmy  
Procurement Specialist  
Maldives COVID-19 Emergency Income Support Project  
Ministry of Economic Development  
Email: [thaasyn.hilmy@trade.gov.mv](mailto:thaasyn.hilmy@trade.gov.mv)

The Ministry of Economic Development reserves the right to reject incomplete proposals. Late proposals will not be entertained.