



REPUBLIC OF LIBERIA
MINISTRY OF COMMERCE & INDUSTRY
MONROVIA



Office of the
Assistant Minister
for Administration

P.O. Box 9041
1000 Monrovia,
10 Liberia

Website: www.moci.gov.lr

Terms of Reference (ToR)
For
The External Audit of Project Financial Statements
Enhanced Integrated Framework/Single Project Implementation Unit
Ministry of Commerce and Industry
Monrovia, Liberia

AUDITING FIRM

1. Background

The Enhanced Integrated Framework of the World Trade Organisation, Geneva, is an international collaborative multi-donor program which supports LDCs to be more active players in the global trading system by helping them tackle supply-side constraints to trade while working towards the wider goals of promoting economic growth, sustainable development and reducing poverty, all based on the operating principles of trade as a development tool, LDC ownership and a partnership approach;

Implementation of the EIF is guided by the *Guidelines for the Implementation of the Enhanced Integrated Framework for LDCs* (hereafter referred to as “*Compendium of working documents*” or “*Compendium*”) approved by the EIF Board on 11 April 2011, and as amended from time to time, with the EIF Steering Committee serving as the overall governing body of the EIF, and the EIF Board serving as the key decision making body for operational and financial oversight as well as policy direction;

Consistent with the EIF guidelines for implementation, the EIF/SPIU and the Ministry of Commerce and Industry (MOCI) now seek external auditors to provide independent opinion on the financial statement of the Project.

The purpose of the EIF project in Liberia is of two-fold, (a) to establish, develop and support a local National Implementation Unit (now the SPIU) to advance the EIF operations as described above and (b) to provide technical support to the MOCI and the project’s National Steering Committee, geared to improve trade policy formulation and implementation, notably, Liberia’s accession to the World Trade Organisation (WTO), trade mainstreaming, Updating and implementing the DTIS Action Matrix and improving donor coordination on Aid-for-trade issues.

2. Objectives of the Audit

The objective of the audit of the project financial statements is to enable the auditor to express a professional opinion on the financial position of the **EIF/SPIU for the accounting periods – January 1, 2016 to December 31, 2016 and January 1, 2017 to June 30, 2017** and, of the funds received and expenditures incurred for the accounting period as reported

by the Project Financial Statements (PFS). In addition, the audit will provide a professional opinion on the Statement of Expenditures and Designated Account activity together with implementation of

fiduciary responsibilities as set out in the MoU, with each audit covering the period of one fiscal year during which withdrawals were made. The various professional opinions on each year may be captured in a single Audit Opinion by the Auditor.

3. Scope of the Audit

The audit will be conducted in accordance with International Standards on Auditing (ISA) as published by the International Auditing and Assurance Standards Board of the International Federation of Accountants (IFAC), with special reference to ISA 800 (Auditor's Report on Special Purpose Audit Engagements), the auditor will pay special attention to the risks of material misstatement of the financial statements due to fraud, in line with ISA 240: "The auditor's responsibilities relating to fraud in an audit of financial statements". Amongst other things, the auditor should identify and assess these risks (of material misstatement of the financial statements) due to fraud, obtain sufficient appropriate audit evidence about the assessed risks; and address appropriately identified or suspected fraud.

- 3.1 In conducting the project audit, special attention should be paid to the following:
- a) Establish that all 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 under the relevant financing agreements;
 - b) Review the banking operations of any other internally generated funds of the project. The audit will include verification of the balances and contributions made by the Government of Liberia (GoL) to ensure that they are in accordance with the Financing Agreement.
 - c) Establish that works, goods and services financed have been procured in accordance with the relevant financing agreement;
 - d) All necessary supporting documents, records, and accounts have been kept in respect of all project ventures (including expenditures reported via SOEs or DAs). Clear linkages should exist between the books of account and report presented to the Executive Secretariat of EIF and the Fund manager at UNOPS;
 - e) The fund account reconciliation between the amount shown as received by the Projects from EIF/UNOPS and that shown as being disbursed by EIF/SPIU has been properly prepared and is presented as an annex to the Financial Statements. This reconciliation statement should indicate the mechanism of disbursement, i.e. Advance using the Designated Account (replenishment Statement of Expenditures), Special Commitment or Direct payments;
 - f) The projects accounts have been prepared in accordance with consistently applied International Financial Reporting Standards and give a true and fair view of the financial situation.

3.2 Project Financial Statements

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The Project's Financial Statements should include:

- a) A statement of Source (summary of funds received), Application of Funds (summary of Expenditures shown under the main project headings and by main categories of expenditures for the period);
- b) A Balance Sheet showing Accumulated Funds of the SPIU balances, fixed assets, inventories, other assets of the program, and liabilities, if any, and
- c) Notes to the financial statements presenting background information, the accounting principles, detail analysis and relevant explanation of the main accounts/major balances, etc.

3.3 *Statements of Expenditures*

In addition to the audit of the project financial statements, the auditor is required to audit all SOEs used during the period under review as the basis for the submission of withdrawal applications. The auditor should apply such tests and controls as the auditor considers necessary under the circumstances, ensuring that the existing internal control procedures for the preparation and processing of the said SOEs are sound and reliable and determine whether the expenses are eligible per the project activities included in the Memorandum of Understanding (MOU). The auditor should examine carefully the expenditures to ensure that:

- a) They represent genuine program expenditures and are eligible with regard to the relevant financing agreements and with reference to the project documents for guidance when considered necessary; and
- b) They are reasonable with respect to the planned activities included in the annual work program and budget. Where ineligible expenditures are identified as having been included in withdrawal applications and reimbursed against, these should be separately noted by the auditor.
- c) Annexed to the Project Financial Statements should be a schedule listing individual SOE withdrawal applications for specific reference number and amount. The total withdrawals under the SOE procedure should agree with the overall reconciliation of EIF/SPIU disbursements prepared by the Projects and described above.

3.4 *Designated Accounts*

In conjunction with the audit of the Project Financial Statement, the auditor is required to prepare Designated Account reconciliation and audit the activities on the Designated Accounts of the Project.

The Designated Account comprises:

- i. Deposit and replenishments received from UNOPS;
- ii. Internally Generated Funds;
- iii. Payments substantiated by withdrawal applications;
- iv. Interest that may be earned from the balances which belong to the recipient;
- v. The remaining balances at the end of each fiscal year.

The auditor should examine the eligibility and correctness of financial transactions during the period under review and fund balances at the end of such a period, the operation and use of the Designated Account in accordance with the Financing Agreement, and the adequacy of internal controls for this type of disbursement mechanism.

3.5 Audit Opinion

The auditor will issue an audit opinion on the project financial statements (PFS), accuracy and propriety of expenditures withdrawn under SOE procedures, the extent to which the EIF/UNOPS can rely on SOE as a basis for fund disbursement and the management of and activities on the Designated Account. The Auditor would confirm that the PFS have been prepared in accordance with consistently applied International Accounting Standards or otherwise and give a true and fair view of the financial situation of the project.

3.6 Internal Control System

The auditor is required to perform an in-depth and comprehensive review of the project's internal control system. The objective of the review is to provide the auditor with sufficient understanding of the rules and procedures of the internal control system, including administrative, accounting, financial, and budgetary manual of procedures, and to determine whether the said rules and procedures are adequate, reliable and operating correctly. In this vein, the auditor should assess with particular attention and determine whether:

- a) Financial, accounting and reporting system in place is appropriate; and
- b) Accounting and financial staff with the capacity to efficiently manage the Project using the system.

3.7 Management Letter

The findings and observations of the auditor shall be presented in a separate report, the Management Letter, addressed along with the audit report to the recipient's representative. The Management Letter shall highlight all the weaknesses in the EIF/SPIU's internal control system, assess the inherent risks associated with the internal control shortcomings, and make practical and relevant recommendations to improve the system as well as to enhance the managerial skill and capability of the accounting and financial staff.

In the Management Letter, the auditor will inter alia:

- a) give comments and observations on the accounting records, systems and controls that were examined during the course of the audit;
- b) identify specific deficiencies and areas of weakness in systems and controls and make recommendation for their improvement;
- c) report on the degree of compliance of each of the financial covenants on the MOU and give comments, if any, on internal and external matters affecting such compliance.
- d) communicate any matter that came to attention during the audit which might have a significant impact on the implementation of the Projects; and
- e) Bring to the attention of the SPIU/MOCI any other matters that auditors consider pertinent.

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The financial statements including the audit opinion and management letter should be received by the National Coordinator, EIF/SPIU, no later than June 30, 2017.

4. Timelines

- a. The auditor will carry out the audit services at the Enhanced Integrated Framework/Special Project implementation Unit of the Ministry of Commerce and Industry where the financial and accounting functions are performed. The Auditor will, however, also be expected to visit relevant offices/stakeholders for further investigation as may be considered necessary.
- b. The estimated number of professional staff-months required for the assignment is One, over a period not exceeding one and a half months or forty five days following signing of contract.
- c. At the end of the audit the auditor will submit 4 copies of the audit report and 4 copies of the Management Letter to the National Coordinator of EIF/SPIU and, an electronic copy of the Audit Report and the Management Letter must be emailed to the National Coordinator at the address below.

5. Qualification and Experience required

i. The Audit Firm

- a. Not less than 10 years experience in Audit of the UN or Donor-Funded Projects;

ii. Key professional staff

The following are the minimum Key Staff required for the assignment:

- a. Audit Manager: Master's Degree in Finance/Accounting or Business Administration, a Professional Accountant (CPA,CA, ACCA, ACA, CIMA) or equivalent professional qualification and a minimum of eight (8) years' post-qualification experience on similar audit assignments;
- b. Audit Senior: A Bachelor's degree in Accounting/ Finance, Business Administration or Commerce; Part-qualified Accountant (Part 3 of the professional examinations of CPA,CA, ACCA, ACA, CIMA) or equivalent professional accountancy body with a minimum of three (3) years' audit experience two (2) of which should have been on the audit of Multilateral-funded project.

6. Facilities to be provided by the Client:

The auditor shall be given access to and shall consult all legal documents, such as Project Documents, Financial Procedures Manual, Operational Manual, supervision reports, correspondence, and any other information associated with the Projects and deemed necessary by the auditor.

7. Reporting Arrangements

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The auditor will report to the Chair of the Steering Committee, the Minister of Commerce and Industry through the National Coordinator of the Enhanced Integrated Framework/single Project Implementation Unit.

8. APPLICATION PROCESS

Interested auditing firms are invited to apply by submitting the following application documents:

- Curriculum Vitae (CV) of experts
- A Letter Expressing interest in the assignment indicating your experience, skills, qualifications and professional networks fit with the required deliverables (two pages maximum)
- Copies of relevant terminal certificates/degrees and reports as applicable by e-mail, courier service or in person to the address below by 12:00 GMT, Friday, June 23, 2017. Only shortlisted applicants will be contacted.

**The National Project Coordinator
Enhanced Integrated Framework/
Single Project Implementation Unit
Ministry of Commerce and Industry
Corner, Gurley and Ashmun Streets
Monrovia, Liberia
Email: syaidoo@moci.gov.lr
Mobile: 0886521998/0777521998**