

Multi-Sectoral Action for Nutrition (MSAN) Project (P158769)
Terms of Reference
Internal Auditor -PIU (MSAN)

Background

To help reverse the increase in stunting, the Government of Sindh has approved an Inter-Sectoral Nutrition Strategy of Sindh (INSS) in 2013. Multi-Sectoral Action for Nutrition (MSAN) (P158769) activities will focus on specific investments to improve behavior around the key areas of sanitation and hygiene and food consumption, but it will also support institutional and implementation arrangements that incentivize cross-sectoral collaboration to achieve nutrition results.

Higher Level Objective

To contribute in the effective implementation of the MSAN by strengthening the payments procedure, financial management, accounting within MSAN and manage finances of the Project conforming to the World Bank’s and GOS stipulated guidelines and rules/regulations.

Objectives of the Assignment

The objective of this engagement is to conduct internal audit of the funds and resources provided under the IDA Credit as well as funds contributed by the Government of Sindh and for the implementation and in achieving project Development Objectives, managed by the MSAN.

Introduction

Internal audit should be carried out as an independent examination of activities and financial transactions to appraise: (i) reliability and integrity of records and information; (ii) compliance with regulations, policies, and procedures; (iii) proper safeguarding of assets; (iv) economic and efficient use of resources; and (v) accomplishment of Project objectives.

Scope of work

The scope of work is intended to describe the general nature and level of work to be performed by the Auditor.

Table 1 - Project Costs and Financing

Project Components	GOS Financing (Million)	IDA Financing (Million)	Total Financing (Million)
Comp.1 Saaf Suthro Sindh Program (SSS)	900	1,306	2,206
Comp. 2 Agriculture for Nutrition (A4N)	82	520	602
Total	982	1,826	2,808

The scope of internal audit is not limited to verifying financial transactions, but also covers examination and evaluation of internal control effectiveness; organization’s governance, risk management process, and operational aspects of the project implementation, providing and assessment of performance with recommendations for corrective actions. The scope of internal audit services would inter-alia includes:

Financial Control and Accounting:

- Examine receipts of IDA funds in Designated Accounts (DAs) maintained and operated
- By the Project Implementing Entity are properly supported with Withdrawal Applications duly completed as per the World Bank Disbursement guidelines.
- Examine quarterly transfer of funds from the provincial government to the respective Department PIUs through AG Office Sindh or through Bank accounts, opened for the purposes of the Project, are on the basis of approved forecasts. Ensure that PIU submit proper statement of account of funds received within fifteen days of the month end.
- Examine that payments are for specific to the Project implementation. Ensure all payments to suppliers/vendors/consultants and for meeting operational expenses, if any, must be through ‘Cross Cheque – A/C Payee Only’ and paid on timely basis and through courier.
- Examine receipt of funds from various sources are timely deposited the designated accounts.
- Verify payments are properly approved and supported with documentation and are for implementing project activities.
- Examine related accounting transactions are appropriately classified and recorded in the relevant accounting head of account, maintained by the PMUs.
- Examine monthly bank reconciliation statement is properly prepared and is agreed with DA bank statement and DA bank book.

Financial Reporting

- Examine financial data reported in the quarterly interim Financial Reports (IFRs) are in agreement with the books of account and in agreement with the DA bank books maintained by the implementing agencies.
- Ascertain that IFRs, showing sources and uses of funds, expenditure by activity, DA activity statement and six monthly forecasts are submitted to the World Bank within forty five days of the end of each quarter.

Planning and Budgetary Controls

- Ascertain Project annual budget is prepared and approved by the competent authority (s). Ensure annual budget is in line with the Project approved objectives.
- Examine appropriate comparison of budgeted and actual expenditure is done on monthly basis and proper explanations are given for significant variances.

Inventory Management

- Examine in inventory management arrangements at the project level are adequate to record all inventory items, receipts, issues, balances and periodic physical stock taking.

Procurement

- **Implementation arrangements:** Examine the risk mitigation measures are in place for acceptable implementation arrangements for smooth execution of the Project and achievement of Project objectives.
- **Procurement Process:** Examine that procurement activities are processed as per the Bank's approved Procurement Plan. Ensure that Bank's procurement planning tool – STEP is being updated regularly.
- **Contract management:** Examine that the Project Procurement designated officials are being involved at all stages of procurement of goods and services under the Project, to ensure compliance with Procurement Regulations - January 2011, Revised July 2014. (The "World Bank Procurement Regulations for IPF Borrowers).

Verification of Project Assets

- Verification of all assets of the Project on annual basis and agree their existence with fixed assets register. Also on test basis verify Project during field visits.
- Ascertain that proper codification and tagging of the Project assets have been done the adequately safeguard assets.
- Examine adequate procedures are in place for the maintenance of assets.
- Ascertain that assets are being used for the intended purposes.
- Examine costs of assets are reasonable.

Other Procedures to be performed

- Examine that project activities are in compliance with the existing country's laws including tax laws, Project Legal Agreements including Bank's guidelines on Prevention and Combating Fraud and Corruption in Bank Financed Projects are being followed among other contractual agreements.
- Conducting specific Reviews or tasks requested by the Project management.
- Internal audit team should undertake field visits regularly/periodically on monthly or quarterly basis to assess Project implementation progress. Check and verify all relevant record and also conduct staff interviews where required.
- Trainings and Capacity Building, All the above threads will have the component of trainings and capacity buildings of the officers and staff of all the participating sectors.

Audit Planning

Internal Auditors shall submit Bi-annual Audit Work Plan based on a risk assessment with completion time lines for each activities summarized in the scope of work must be agreed upon at an entrance meeting with the respective Project Director to be attended by PIU Financial Management specialist and Procurement Specialists among other Project officials.

Reporting

The internal Audit Report shall be structured to indicate for each audit observation: a) cause; b) implication; c) recommendation; d) management response; and e) time line action for corrective measures by the respective/concerned Project Management. Internal Audit shall submit a 'Bi-annual Internal Audit Report' within forty five days at the end of every quarter of the financial year. The Report will be distributed to all stake holders as appropriate; a copy of each report will be forwarded to the Project Director Saaf Suthro Sindh and Project Director Agriculture for Nutrition and the Bank within the time frame.

The Report shall also indicate as a separate section showing Actin Taken on the last

Internal Audit Report Agreed upon Action.

Contract Period

The duration of service of Internal Auditor shall be for Eighteen (18) months.

I. Qualification

1. A Chartered Accountant/ACMA/ACCA/M.Com/ equivalent
2. Documented experience of risk based internal or external audit for not less than 05 years.
3. Over all Experience of at least 5 years in the field of audit, accountancy, and ancillary services.
4. Experience of donor funded projects will be given preference.

II. Selection Process

An individual will be selected in accordance with process stipulated in Section V of *“Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by World Bank Borrowers (January 2011) (Revised July 2014).*