

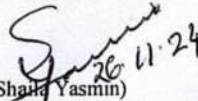
Government of the People's Republic of Bangladesh
Ministry of Commerce
Bangladesh Regional Connectivity Project-1
Level-12 (West side), Probashi Kollayan Bhaban,
71-72 Eskaton Garden Road, Dhaka-1000

Memo No: 26.00.0000.066.07.054.24 -532

Date: November 26, 2024

Request for Expression of Interest for Selection of Internal Audit Firm

1. The Ministry of Commerce is implementing the Technical Assistance Part of IDA financed Bangladesh Regional Connectivity Project-1 [Part 2].
2. The Procuring Entity intends to apply a part of the IDA Credit for procuring services from an Internal Audit Firm under Package No. SD-50. The Audit Firm shall fulfill the following requirements:
 - 2.1 The Audit Firm must be registered with the Institute of Chartered Accountants of Bangladesh and the Member/s shall have updated Practicing Certificate/s
 - 2.2 General Experience: The Audit Firm shall have at least 10 (Ten) years of experience in Internal Auditing/Independent Auditing of public/private sector organizations.
 - 2.3 Specific Experience: The Audit Firm shall have specific experience in working as an Internal Auditor at least in 3 (three) IDA financed projects.
3. The Scope of Services / Terms of Reference (TOR) of the Internal Audit Firm for the package is available in the office of the undersigned and also at www.mincom.gov.bd and <http://brcp-1.gov.bd/>.
4. The interested Audit Firm must submit the following documents with its Expression of Interest:
 - 4.1 Firm / Company Registration Certificate, if any;
 - 4.2 Trade License, valid up to June 30, 2025,
 - 4.3 VAT Registration certificate;
 - 4.4 TIN Certificate and Latest Income Tax Payment Certificate/ evidence,
 - 4.5 Financial Statements for last three years,
 - 4.6 Bank Solvency Certificate,
 - 4.7 At least 3 (three) Consulting Service / audit completion certificates issued by 3 (three) different clients,
 - 4.8 Audit Firms partner's / member's updated Practicing Certificate/s.
 - 4.9 All supporting documents to prove that the Firm fulfills the requirements.
5. The Project Implementation Unit of BRCP-1, MoC on behalf of the Ministry of Commerce invites eligible audit firm to indicate their interest in providing the audit services. Interested audit firms must provide information indicating that they are qualified to perform the services. The attention of interested audit firms is drawn to paragraphs 3.14 to 3.18 of The World Bank Procurement Regulations for IPF Borrowers, Procurement in Investment Project Financing, Goods, Works, Non-Consulting and Consulting Services, July 2016 ("Procurement Regulations"), setting forth the World Bank Group's policy on conflict of interest. An audit firm will be selected in accordance with the **Fixed Budget Selection (National)** method set out in the Procurement Regulations. Further information can be obtained at the address given below during office hours between 09:00 a.m. to 5:00 p.m. Expressions of Interest (EOI) must be delivered in written form - one original & one copy in sealed envelope to the address given below in person or by mail by **2:00 p.m. on December 17, 2024.**
6. The Procuring Entity reserves the right to accept or reject any or all EOIs without assigning any reason, whatsoever.


(Shah Yasmin)

Joint Secretary, Ministry of Commerce
and Project Director (Additional Charge),
Bangladesh Regional Connectivity Project-1[Part-2]
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Package No. SD-50
Terms of Reference (TOR) for Selection of Internal Audit Firm

1. Background and Project Descriptions:

Introduction

The Government of the People's Republic of Bangladesh has received an SDR 150 million Credit from the International Development Association (IDA) – a member of the World Bank Group – for financing the cost of the Bangladesh Regional Connectivity Project 1(BRCP-1), being jointly implemented by the Bangladesh Land Port Authority (BLPA), National Board of Revenue (NBR) and Ministry of Commerce. The Part 2 of this umbrella project is being implemented by the Ministry of Commerce as a separate Technical Assistance Project. The overall objective of this technical assistance project is to strengthen trade related institutional capacity in order to ensure active and sustainable cooperation between multiple trade-related stakeholders and economic empowerment of women traders. This technical assistance project consists of following three (3) components:

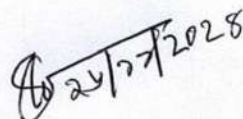
- Component A: Develop (pilot) programs to support female traders and entrepreneurs. This component will pilot activities to help address barriers to women becoming more integrated into regional and global supply chains and trading opportunities.
- Component B: Capacity Development Support for the National Trade and Transport Facilitation Committee. The inter-ministerial National Trade and Transport Facilitation Committee (NTTFC) has been set up during the preparation of the proposed Project to coordinate all trade and transport-related policies and activities in Bangladesh, and will also serve as the Advisory Committee for the Project.
- Component C: Improvements to Bangladesh Trade Portal and to set up a National Enquiry Point for Trade. The Bangladesh Trade Portal (BTP) was launched in March 2016. This component will support further upgradation of the BTP to expand its functionality to include information of relevance to potential Bangladesh exporters and to ensure that content is kept up to date. This component will also set up the National Enquiry Point for Trade, which will help Bangladesh to meet a key requirement of WTO Trade Facilitation Agreement.

This Technical Assistance Project intends to apply part of the IDA Credit for procuring services from qualified audit firm(s) to conduct internal auditing of the project.

2. The Objectives of the Internal Audit:

- The main objective of Internal Audit is to add value and improve projects operations. It will help the project accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and


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governance processes. The objective could be achieved by examining, evaluating and reporting on the adequacy of the projects control environment of individual audit assignments for the period. Based on this work, advice and recommendations will be made as necessary, as to how procedures can be improved to manage the risks faced in achieving project objectives.

- The primary objectives of the internal audit are to review and report on:
 - Reliability of the financial management system, financial data and report at all tiers of operation of the Project;
 - Adequacy and effectiveness of the accounting, financial and operational controls;
 - Internal Control Systems: completeness, written instructions, effective implementation and frequency of review and up-dating;
 - Level of compliance with the established policies, plans and procedures;
 - Financial Report: completeness, timeliness, accuracy, reliability and for the purpose oriented of different stakeholders;
 - Assets: completeness, existence, recording, safeguard and utilization for the purpose intended.

3. Nature of Internal Audit:

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve the organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Internal Audit will take positive steps to ensure that the management has made adequate arrangements for the prevention and detection of fraud and corruption. The major role of Internal Audit is to provide independent assurance that systems operated by the Authority are effective and that the control environment is adequate. Internal auditors are to provide independent assurance that risks are mitigated and that the organization's corporate governance is strong and effective. And, when there is room for improvement, internal auditors make recommendations for enhancing processes, policies, and procedures.

The Internal Audit shall support the project in the achievement of its goals by:

- Identifying and assessing financial and operational risks in the project operations;
- Evaluating the adequacy and effectiveness of overall internal control system which may include but not limited to:
 - Preventing and detective controls;
 - Risk identification, risk assessment and risk management by the Project;
 - Reliability and comprehensiveness of financial reporting ;

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- Efficiency, effectiveness and economy of operations;
 - Safeguarding assets and information;
 - Performance of tasks and achievement of goals.
- Providing recommendations for improving activities in the project.

4. Scope of Services:

The scope of internal audit activity includes examining and evaluating the policies, procedures and systems which are in place to ensure reliability and integrity of information, compliance with policies, plans procedures, laws and regulations; safeguarding assets; economical and efficient use of resources; and accomplishment of establishing objectives and goals for operations or programs.

The audit will be carried out in accordance with the International Standards of Internal Auditing issued by the Institute of Internal Auditor and should include such tests and controls necessary for performance of the audit. The scope of internal audit areas should include but not limited with the followings:

4.1 An assessment of the adequacy of the project's financial management system, including internal controls. This would include aspects such as adequacy and effectiveness of accounting, financial and operational controls exercised by the project and suggestions of improvement, if any.

4.2 Ascertaining the extent of level of compliance with established policies, plans and procedures including those agreed under the legal agreement and Review overall cash management and asset management procedures and also verify reconciliation procedures with Project Accounts;

4.3 Verify the procurement plan and procedures whether it is implemented in accordance with the government procurement rules and World Bank guidelines;

4.4 Review and verify the recruitment of project staff and selection procedures with the compliance of World Bank and Government system.

4.5 Review and verify the appointment of consultant and selection procedures with the compliance of World Bank and Government system

4.6 Verifying that the funds received under the project have been used in accordance with the financing agreement, with due attention to economy, efficiency and utilized only for the purposes for which the financing was provided.

4.7 Review whether budgeting & accounting practice meets established International/National standards.

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- 4.8 Verify the assets procured under the project as well as scrutinize the asset register
- 4.9 Verify the expenditures charged under the project are eligible for financing, correctly classified and all necessary supporting documents, records, accounts and contracts have been kept in respect of all project transactions/activities.
- 4.10 Confirm an appropriate system of accounting and financial reporting exists, on the basis of which SOE claims/IUFRs are prepared and submitted for reimbursement/replenishment.
- 4.11 Examine & evaluate the adequacy of manpower for sound & effective operation of the project.
- 4.12 Justify the proper utilization of manpower appointed in the project including National Consultant.
- 4.13 Ascertain the reliability of integrity, controls, security and effectiveness with the system.

4.14 SPECIFIC WORKS AND SERVICES

Specific service required under this package may be as follows:

Ensure compliance with statutory obligations, requirements of various rules & regulations as applicable to the organization and comments on the non-compliance, if any, observed during the audit period.

Determine the application of financial reporting, risk management and internal control principles, and for monitoring the effectiveness of Financial Operations;

Review the cash transfer systems and procedures and also monitor the reconciliations of cash transfer to beneficiary with the MIS report, BPO statements & Project Accounts;

Verify the procurement plan and procedures whether it is implemented in accordance with the government procurement rules and World Bank guidelines;

Review and verify the recruitment of project staff and selection procedures with the compliance of World Bank and government system.

Review and verify the selection procedures of Consultants appointment with the compliance of World Bank and Government guidelines

Check the integrity of financial statements, including other formal reports relating to its financial performance and will review significant financial reporting issues and judgments contained therein;

Justify whether the project has followed appropriate accounting standards and made appropriate estimates and judgments;

Verify the books of accounts whether it is maintaining as per standard accounting system and confirms the same;

Vouching of Books of Accounts and Registers;

Verification of monthly bank transactions and reconciliations;

Assess whether the financial reports e.g. Expenditures, Funds Reconciliation, Fund disbursement related reporting, MIS, others (if any), as prepared by the organization, are complete and accurate.

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Review and verify the effectiveness of consultant services both in PIU & field level activities.

Assess the existing internal control systems and procedures and recommend suitable changes, if any.

Any other works as per requirement of management.

The internal audit services shall be carried out in accordance with the International Internal Auditing Standards and international best practices, for example, application of COSO risk management framework etc.

The internal audit services firm should focus on risk based internal audit model and management issues, internal control environment in the areas listed below:

At the Project Implementation Unit (PIU), the internal audit will be required to assess the effectiveness of internal control system with regard to cash book maintenance, accounting, computerization status, bank reconciliations, fixed assets management etc.

The auditor should examine financial reports prepared for reimbursement/ documentation during audit period to:

Assess the methods used to compile them,

Ascertain that the information on these reports accurately reflects the underlying records and documents, and

Ensure that there is no material misstatements.

The internal audit firm should also review and take into account of the external audit reports in planning and conducting their work. This includes the work of the previous Foreign Aided Projects Audit Directorate (FAPAD) reports.

Internal Audit firm will be required to examine the compliance of IDA Procurement Guidelines, the Public Procurement ACT 2006, Public Procurement Rules 2008 and amendments 2009 relating to international bidding/tender, and test the application of the following for the purpose of National Competitive bidding/ tender:

1. Post bidding negotiations not allowed
2. Bids submitted and opened in public and one location immediately after deadline for submission
3. Re-bidding not carried out, except with IDA's prior approval/concurrence
4. Lottery in award of contract is not allowed
5. Bidders qualification /experience made mandatory
6. Bids not invited on the basis of percentage above or below the estimated cost and contract award is based on the lowest evaluated bid price for eligible and qualified bidder, and
7. Single stage two envelope procurement system not allowed.

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5. Timeframe of the audit Services:

The Audit Firm shall conduct Internal Audit for the following two (2) periods:

Period-1: From July 2022 to June 2024 and

Period-2: From July 2024 to June 2026

Duration of the contract: Up to December 2026 from the date of signing of the contract.

6. Expected Deliverables:

Internal Audit Firm will report to the Project Director, Bangladesh Regional Connectivity Project 1(BRCP-1), Implemented by Ministry of Commerce).

The Reporting will be designed in three parts;

- i. Preliminary study of the project operations by a Chartered Accountant and submit an inception report with an audit methodology, time frame, audit resources and their qualification within 30 days of the awarding of contract.
- ii. Submit draft report within 14 days of end of the each audit period, covering Audit Report with an auditors opinion, detailed report on project component wise work undertaken, control environment of the beneficiary institutions as studied by the project, fund received, utilized, reasons for delayed utilization and deficiencies noted and a table form report (sample format to agree in the inception report) with significant issues, findings, financial impacts, recommendations, management response and timeframe of the implementation of the recommendations.
- iii. Submit final report as reviewed under (ii) within 28 days of end of each audit period in (a) DVD version in MS Office (word/excel) and (b) Printed version; all in ten sets.

Each Report shall contain:

- Executive Summary
- Summary of audit findings with recommended actions.
- Detailed assessment of each audit areas which include review of the project progress, assessment of internal control system that captures the audit issues and recommendations with the following details:
 - ❖ Issue Title
 - ❖ Observation
 - ❖ Impact or risk
 - ❖ Cause
 - ❖ Specific Recommendations
 - ❖ Priority
- Categorization of audit findings by risk severity (Risk Control Matrix): High, Medium and Low.
- Classification of possible causes of audit findings.

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7. Audit Firm's Required Qualifications:

The Audit Firm shall fulfill the following requirements:

7.1 The Audit Firm must be registered with the Institute of Chartered Accountants of Bangladesh and the Member/s shall have updated Practicing Certificate/s

7.2 **General Experience:** The Audit Firm shall have at least 10 (ten) years of experience in Internal Auditing/Independent Auditing of public/private sector organizations.

7.3 **Specific Experience:** The Audit Firm shall have specific experience in working as an Internal Auditor at least in 3 (three) IDA financed projects.

8. Audit Team Composition:

The Internal Audit Team shall have the following Members with the following qualifications & experiences as shown below:

SL. No.	Designation of Audit Team Members	Qualification and Experiences
1	Team Leader/Audit Manager	CIA/CA/ACCA. At least 15 years of relevant experience in auditing the public sector donor funded projects, preferably IDA funded projects.
2	Co-task Team Leader	Must a qualified accountant and have at least 5 years of post-qualification experience
3	Financial Management Expert	Masters in Accounting/Finance or Business Administration or relevant discipline. At least 05 years of relevant experience in auditing the financial management aspects of public sector projects.
4	Procurement Expert	Bachelor in Engineering/MBA or Masters in relevant discipline. At least 05 years of relevant experience of working in an audit firm in the area of procurement activities auditing.
5	Senior/Junior Auditor	At least part qualified accountants along with Bachelor degree in Accounting/Finance or Business Administration or relevant discipline. At least 03 years of relevant experience in auditing the public sector projects.

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9. Required Documents:

The Audit Firm must submit the following documents with its Expression of Interest:

- 9.1 Firm / Company Registration Certificate, if any,
- 9.2 Trade License, valid up to June 30, 2025,
- 9.3 VAT Registration certificate,
- 9.4 TIN Certificate and Latest Income Tax Payment Certificate/ evidence,
- 9.5 Financial Statements for last three years,
- 9.6 Bank Solvency Certificate,
- 9.7 At least 3 (three) Consulting Service / audit completion certificates issued by 3 (three) different clients,
- 9.8 Audit Firms partner's / member's updated Practicing Certificate/s.
- 9.9 All supporting documents to prove the Firm's Qualifications.

10. Selection Method: The consultant / Audit Firm shall be selected using the **Fixed Budget Selection (FBS)** method in accordance with The World Bank Procurement Regulations for IPF Borrowers, July 2016.

11. Payment Schedule:

The payments for the services will be made in accordance with the following schedule:

50% of contract amount after submission of Final Audit Reports for the Period-1 and

50% of contract amount after submission of Final Audit Reports for the Period-2.

25/10/2024


(Shaila Yasmin)
Project Director (Joint Secretary)
(Additional Charge)
Bangladesh Regional Connectivity Project-1
Ministry of Commerce